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ABSTRACT

This report summarizes staff recommendations of the Illinois Board of Higher Education concerning budget recommendations for higher education operations and grants for fiscal year 1998. The report also includes recommendations for state appropriated revolving funds, locally held university income funds, and other appropriated funds. Specific components of the fiscal year recommendations, which total $2,075.9 million, or 6.1 percent over 1997 appropriations, address the following needs: preparing Illinois' workforce; promoting health and human services; strengthening the quality of undergraduate education; enhancing use of technology; improving student access and affordability; addressing deferred maintenance; and strengthening the institutional academic base. In separate sections of text and data tables, the report details plans for the public universities; community colleges; and the Illinois Student Assistance Commission. Also recommended are grant programs for nonpublic institutions, for health education, and various institutional grants. Specific recommendations also consider the Illinois Mathematics and Science Academy, the State Universities Civil Service System, the Board of Higher Education, and the State Universities Retirement System. Five appendix tables provide related higher education data, including general funds expenditures by sector and for fiscal years 1970 to 1997; comparisons of weighted average tuition and fees with economic indicators; annual tuition rates by student level; and a credit hour cost study. (CH)

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ED 403 857

STATE OF ILLINOIS

BOARD OF HIGHER EDUCATION

FISCAL YEAR 1998 HIGHER EDUCATION

BUDGET RECOMMENDATIONS

OPERATIONS AND GRANTS

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PRESENTED BY THE STAFF TO THE

ILLINOIS BOARD OF HIGHER EDUCATION

January 7, 1997

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I. Summary of Fiscal Year 1998 Recommendations

Fiscal year 1998 general funds recommendations for higher education operations and grants, including the State Universities Retirement System, total $2,075.9 million, an increase of $120.0 million, or 6.1 percent, over the comparable fiscal year 1997 appropriations. The general funds recommendations are presented on Table I-1. Recommendations also are included for state appropriated revolving funds, locally-held university income funds, and other appropriated funds. The recommendations from all funds total $2,779.1 million and are summarized on Tables I-2 through I-4.

New state resources are recommended for higher education's highest priorities, including preparing Illinois' workforce, promoting health and human services, strengthening the quality of undergraduate education, enhancing the use of technology, improving student access and affordability, addressing deferred maintenance issues at the state's public colleges and universities, and strengthening the academic base of institutions. An average 3.0 percent faculty and staff compensation increase is recommended, and incremental funding of $42.1 million is recommended for the State Universities Retirement System.

The specific components of the fiscal year 1998 recommendations for higher education operations and grants are summarized below.

Preparing Illinois' Workforce

The Board of Higher Education continues to advance the statewide priority of better preparing Illinois citizens for tomorrow's workplace. *Strengthening Workforce Preparation: A Collaborative Action Plan*, adopted by the Board in May 1996, identified new priorities and updated the action plan, *Policy Directions for Workforce Preparation*, developed jointly by the Board of Higher Education, the Illinois Community College Board, the State Board of Education, and the Department of Commerce and Community Affairs. These recommendations include a total of $4.1 million for new or expanded workforce preparation initiatives, including:

- $1.2 million in incremental funds for Workforce Preparation Grants to community colleges and grants for Occupational Skills Statewide Standards to support expansion of collaborative employment training and business service efforts between Illinois community colleges and the business community and provide new funding for education-to-careers programs and student support services.

- $2.3 million in incremental state funds for new or expanded programs for teacher preparation, professional fields, and off-campus programs at public universities.

- $1.7 million for the Cooperative Work Study Program, an increase of $200,000, or 13.3 percent, over fiscal year 1997 appropriations.

Promoting Health and Human Services

In September 1993, the Board of Higher Education adopted a series of policies that identified and prioritized the state's need for health care professionals and determined the health care areas most in need of additional graduates. Improving the quality of life for Illinois' neediest citizens depends on the availability of professionals trained in addressing social and human services needs. These recommendations include a total of $3.4 million for new or expanded programs to address the state's need for trained health care and social services professionals, including:

- $2.0 million in incremental funds for two new masters level programs in social work, a bachelor's and master's program in early childhood education, an enhanced nurse practitioner program, and increased support for professional health programs at public universities.

- A total of $21.9 million for Health Services Education Grants to private colleges and universities, an increase of $1.4 million, or 6.6 percent to assure an adequate supply of health professionals to meet the needs of underserved geographic areas in Illinois.

Strengthening the Quality of Undergraduate Education

The Board of Higher Education's commitment to delivering quality undergraduate programs in Illinois is reinforced in these fiscal year 1998 budget recommendations. Incremental funds totaling $14.9 million are included for statewide and institutional initiatives aimed at strengthening undergraduate education, including:

- An increase of $5.5 million in resources for community colleges to support teaching and learning initiatives and to develop staff technical skills.

- Incremental funds totaling $8.1 million for increasing tenure track faculty, improving student retention and providing instructional equipment and learning resources at public universities.

- Incremental funding of $561,500 for the Illinois Financial Assistance Act to support improvements in undergraduate teaching and learning at independent colleges and universities.

- $650,000 in incremental funds for interinstitutional grants to encourage cooperative education efforts among public and private schools, colleges, and universities.

Enhancing the Use of Technology

The Illinois Board of Higher Education report, *Telecommunications and Educational Technology: A Status Report*, highlights the use of technology at Illinois higher education institutions and the technology issues facing Illinois higher education and the citizens of Illinois. These recommendations address these issues by providing $10.6 million in incremental funding for higher education technology enhancements, including:

- An increase of $5.7 million for computer equipment, instructional technology and infrastructure support, and distance learning activities at public universities.

- An increase of $450,000 in Advanced Technology Grants for community colleges to purchase state-of-the-art equipment and assist with technology infrastructure, transmission, and maintenance costs. Total grants for fiscal year 1998 will be $9.6 million.

- A new grant of $4.0 million for the National Center for Supercomputing Applications to match a National Science Foundation grant for advanced computational infrastructure.

- An increase of $200,000 for improvements in use of new technologies in Illinois libraries through the Library Resource Sharing Project, bringing total fiscal year 1998 grants to $1.4 million.

- An increase of $100,000 for grants to engineering schools for engineering equipment, bringing total fiscal year 1998 grants to $2.7 million.

Improving Student Access and Affordability

The Board of Higher Education has established policies aimed at improving both the affordability of, and student access to, Illinois higher education. These recommendations address these policies by providing funds for initiatives that expand financial assistance to needy students and increase funding for financial aid programs and scholarships. These recommendations include:

- An increase of $18.0 million, or 6.8 percent, for the Monetary Award Program. The total recommendation of $283.0 million will allow for an increase in the maximum award from $4,000 to $4,120 and compensate for tuition and fee rate increases at public universities and community colleges. Funding is provided to increase the living allowance so that the neediest students can benefit from changes in the federal Pell grant program. The recommendation also includes $3.5 million to begin a phase-in plan that extends Monetary Award Program eligibility to students attending accredited degree granting proprietary institutions approved by the Board of Higher Education.

- $9.0 million for the Illinois Incentive for Access, providing one-time grants of $500 for freshmen students who have no family resources to pay for college costs.

- A total of $21.8 million for the Veteran Grant Program and $3.9 million for National Guard Scholarships which fully fund anticipated program requirements in fiscal year 1998.

- Funding of $235,000 for Higher EdNet, a financial aid clearinghouse designed to provide Illinois residents with a single source for information on student financial assistance.

Addressing Deferred Maintenance

The repair and maintenance of an aging infrastructure at Illinois college and university campuses has placed increased demands on institutional budgets. The fiscal year 1998 recommendations recognize the need for additional resources to address deferred maintenance and provide new state funds to address these concerns, including:

- $3.8 million in incremental state funds to address the most critical deferred maintenance needs at each public university campus.

- $2.0 million in deferred maintenance grants to address facility repair and maintenance projects at Illinois community colleges.

Strengthening the Academic Base of Institutions

These recommendations recognize that certain institutions, or types of institutions, need additional resources to strengthen their basic academic foundation and target incremental resources to those institutions with the greatest need. These resources will be used to address the unique needs of the institutions, including increasing faculty and staff salaries to levels comparable with peer institutions; increasing the resource base for full-time, tenure-track faculty; and increasing course sections and other institutional support requirements.

- An increase of $42.1 million, or 26.4 percent, in state appropriated support is recommended for the State Universities Retirement System. The required contribution is a continuing appropriation reflecting the level certified by the Board of Trustees of the System to fund the normal costs of the System and to increase the funding ratio so the System will have a funding ratio of 90 percent in 50 years.

- Incremental funds totaling $35.8 million are recommended for an average compensation increase of 3.0 percent for public universities' employees. The recommendation provides continued salary improvements through a combination of incremental state funding and institutional-based decisions on priorities and productivity improvements.

- A total of $58.4 million, an increase of $3.3 million, or 6.0 percent, is recommended for community college Equalization Grants to assist districts with below average local property tax wealth and $1.9 million, the same amount appropriated in fiscal year 1997, for Small College

Grants to provide academic base support to districts with less than 2,500 full-time-equivalent students.

- A total of $2.9 million, an increase of $200,000, is recommended for Retirees Health Insurance Grants to support health benefits for retired community college faculty and staff.

Sources of Funds

- An increase of $120.0 million, or 6.1 percent, is recommended for state general funds support for higher education operations and grants, including an increase of $42.1 million in funding for the State Universities Retirement System. An increase of $77.9 million, or 4.3 percent, in state general funds is recommended for institutional operations and grants, excluding retirement.

- An increase of $129.9 million, for a total of $2,779.1 million, is recommended from all funds for higher education operations and grants. This represents an increase of 4.9 percent over fiscal year 1997 appropriations of $2,649.2 million.

- The recommendations include university income funds totaling $464.3 million, an increase of 4.1 percent, or $18.1 million, over fiscal year 1997 appropriations. Because fiscal year 1998 universities income funds will be held locally, appropriation authority is not required. The recommendations reflect the universities' estimates of tuition revenue generated from tuition increases and enrollment changes and are shown as a source of funds to meet public university resource requirements.

- Recommended appropriations from the Student Loan Fund are $200.7 million, an increase of $547,300, or 0.3 percent, from fiscal year 1997 appropriations. The recommendations for all other appropriated funds total $38.2 million, a decrease of $8.7 million, or 18.6 percent, reflecting the transfer of appropriation authority for county board matching funds from the University of Illinois to the Illinois Department of Agriculture.

The staff recommends adoption of the following resolution:

The Board of Higher Education hereby approves the fiscal year 1998 recommendations for Higher Education Operations and Grants as displayed in summary on Tables I-1, I-2, I-3 and I-4.

Detailed recommendations for institutions, programs, activities, and grant programs are displayed on Tables III-1 through III-4 (Universities), IV-1 and IV-6 (Community Colleges), V-1 (Illinois Student Assistance Commission), VI-1 (Financial Assistance to Nonpublic Institutions), VI-2 (Health Education Grants), VI-3 (Institutional Grant Programs), VII-1 (Illinois Mathematics and Science Academy), VII-2 (State Universities Civil Service System), VII-3 (Board of Higher Education), and VII-4 (State Universities Retirement System).

Table I–1

FY1998 RECOMMENDATIONS
HIGHER EDUCATION OPERATIONS AND GRANTS
GENERAL FUNDS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Universities	$ 1,162,492.7	$ 1,274,533.4	$ 1,202,606.4	$ 40,113.7	3.5 %
Community Colleges	260,605.7	283,475.7	271,630.4	11,024.7	4.2
Illinois Student Assistance Commission	309,026.7	348,078.8	327,505.7	18,479.0	6.0
Illinois Financial Assistance Act	18,715.1	19,276.6	19,276.6	561.5	3.0
Health Education Grants	20,511.4	21,883.0	21,872.5	1,361.1	6.6
Institutional Grant Programs	21,668.9	23,570.0	27,225.0	5,556.1	25.6
Illinois Mathematics and Science Academy	12,867.8	14,769.8	13,522.5	654.7	5.1
State Universities Civil Service System	1,144.9	1,488.5	1,192.0	47.1	4.1
Board of Higher Education	2,395.6	2,512.5	2,491.2	95.6	4.0
Total Institutional Operations and Grants	1,809,428.8	1,989,588.3	1,887,322.3	77,893.5	4.3
Retirement	146,515.6	188,592.6	188,592.6	42,077.0	28.7
Total	$ 1,955,944.4	$ 2,178,180.9	$ 2,075,914.9	$ 119,970.5	6.1 %
Source of Appropriated Funds					
General Funds	$ 1,955,944.4	$ 2,178,180.9	$ 2,075,914.9	$ 119,970.5	6.1 %
General Revenue Fund	1,766,055.7	1,980,696.7	1,878,430.7	112,375.0	6.4
Education Assistance Fund	189,888.7	197,484.2	197,484.2	7,595.5	4.0

Table I – 2

FY1998 RECOMMENDATIONS
HIGHER EDUCATION OPERATIONS AND GRANTS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Universities	$ 1,625,048.8	$ 1,744,836.2	$ 1,676,865.2	$ 51,816.4	3.2 %
Community Colleges	260,605.7	283,475.7	271,630.4	11,024.7	4.2
Illinois Student Assistance Commission	316,626.7	353,078.8	335,205.7	18,579.0	5.9
Illinois Financial Assistance Act	18,715.1	19,276.6	19,276.6	561.5	3.0
Health Education Grants	20,511.4	21,883.0	21,872.5	1,361.1	6.6
Institutional Grant Programs	24,568.9	26,470.0	30,125.0	5,556.1	22.6
Illinois Mathematics and Science Academy	13,367.8	15,269.8	14,022.5	654.7	4.9
State Universities Civil Service System	1,144.9	1,488.5	1,192.0	47.1	4.1
Board of Higher Education	2,452.6	2,569.5	2,548.2	95.6	3.9
Total Institutional Operations and Grants	2,283,041.9	2,468,348.1	2,372,738.1	89,696.2	3.9
Retirement	159,547.0	201,624.0	201,624.0	42,077.0	26.4
Shared Computing	6,440.3	-0-	4,000.0	(2,440.3)	(37.9)
Loan Program Administration and Loan Reimbursements	200,200.0	200,747.3	200,747.3	547.3	0.3
Total	$ 2,649,229.2	$ 2,870,719.4	$ 2,779,109.4	$ 129,880.2	4.9 %
Source of Appropriated Funds					
General Funds	$ 1,955,944.4	$ 2,178,180.9	$ 2,075,914.9	$ 119,970.5	6.1 %
General Revenue Fund	1,766,055.7	1,980,696.7	1,878,430.7	112,375.0	6.4
Education Assistance Fund	189,888.7	197,484.2	197,484.2	7,595.5	4.0
Student Loan Fund	200,200.0	200,747.3	200,747.3	547.3	0.3
Other Funds	46,912.9	29,714.5	38,192.3	(8,720.6)	(18.6)
Source of Non – Appropriated Funds					
Universities Income Fund	$ 446,171.9	$ 462,076.7	$ 464,254.9	$ 18,083.0	4.1 %

Table I–3

FY1998 RECOMMENDATIONS
HIGHER EDUCATION OPERATIONS AND GRANTS
SOURCES OF FUNDS

(in thousands of dollars)

	General Revenue Fund	Education Assistance Fund	Universities Income Fund *	Student Loan Fund	Other Appropriated Funds	Total
Universities	$ 1,099,810.6	$ 102,795.8	$ 464,254.9	-0-	$ 10,003.9	$ 1,676,865.2
Community Colleges	246,889.1	24,741.3	-0-	-0-	-0-	271,630.4
Illinois Student Assistance Commission	268,502.5	59,003.2	-0-	-0-	7,700.0	335,205.7
Illinois Financial Assistance Act	15,522.8	3,753.8	-0-	-0-	-0-	19,276.6
Health Education Grants	19,759.8	2,112.7	-0-	-0-	-0-	21,872.5
Institutional Grant Programs	23,210.7	4,014.3	-0-	-0-	2,900.0	30,125.0
Illinois Mathematics and Science Academy	12,718.1	804.4	-0-	-0-	500.0	14,022.5
State Universities Civil Service System	1,100.0	92.0	-0-	-0-	-0-	1,192.0
Board of Higher Education	2,324.5	[illegible]5.7	-0-	-0-	57.0	2,548.2
Total Institutional Operations and Grants	1,689,838.1	197,484.2	464,254.9	-0-	21,160.9	2,372,738.1
Retirement	188,592.6	-0-	-0-	-0-	13,031.4	201,624.0
Shared Computing	-0-	-0-	-0-	-0-	4,000.0	4,000.0
Loan Program Administration and Loan Reimbursements	-0-	-0-	-0-	$ 200,747.3	-0-	200,747.3
Total	$ 1,878,430.7	$ 197,484.2	$ 464,254.9	$ 200,747.3	$ 38,192.3	$ 2,779,109.4

* University income funds are non–appropriated funds, held locally by each university.

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Table I-4

FY1998 RECOMMENDATIONS
HIGHER EDUCATION OPERATIONS AND GRANTS
OTHER FUND SOURCES

(in thousands of dollars)

	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations
Agricultural Premium Fund	$ 15,100.1	$ 6,942.0	$ 8,719.8
Fire Prevention Fund	994.1	994.1	994.1
Real Estate Research and Education Fund	290.0	290.0	290.0
Board of Governors Cooperative Computer Center Revolving Fund	6,440.3	-0-	4,000.0
Federal State Student Incentive Trust Fund	2,600.0	-0-	2,700.0
ISAC Federal Scholarships Fund	2,750.0	1,750.0	1,750.0
Monetary Award Program (MAP) Reserve Fund	2,000.0	2,000.0	2,000.0
HELP Fund (ISAC)	-0-	1,000.0	1,000.0
Higher EdNet Fund	100.0	100.0	100.0
ISAC Accounts Receivable Fund	150.0	150.0	150.0
Higher Education Title II Fund	2,957.0	2,957.0	2,957.0
Illinois Mathematics and Science Academy Income Fund	500.0	500.0	500.0
State Pensions Fund	13,031.4	13,031.4	13,031.4
Total	$ 46,912.9	$ 29,714.5	$ 38,192.3

II. Serving Illinois' Citizens

Diversity is one of Illinois' greatest strengths. Its citizens live in cities, suburbs, and rural areas; they work in manufacturing plants, on farms, at research firms, in service industries, and for governmental agencies; and they attend public and private schools and colleges. The state of Illinois has long benefited from this richness of diversity in its people, economy, natural resources, and institutions with a quality of life superior to that in other states and countries.

Illinois' large and diverse population needs a variety of state services. Education, public health, law enforcement, and social services have placed an ever-increasing demand on limited public resources. In order to best serve the people of the state, the scope and nature of these services must vary to meet the changing needs of Illinois' citizens. Providing the appropriate level of services, with available state resources, requires choosing among important and often competing priorities and making difficult and challenging choices at all levels of federal, state, and local government.

Recognizing this challenge, Illinois higher education adopted the Priorities, Quality, and Productivity (P•Q•P) initiative. This initiative explicitly recognizes that state and local resources are not available to support all of the existing programs and activities offered by higher education institutions while, at the same time, respond to changing needs of Illinois students and emerging requirements of business and industry. The P•Q•P initiative is built upon the understanding that in order to improve quality and provide the appropriate level of service, priorities need to be established and supported. Low quality, low priority activities must be reduced or eliminated so that limited resources can be focused on higher priority programs. Because of this initiative, higher education is focusing its efforts and resources on the most important services, services that will improve the quality of life for all Illinois citizens. Providing adequate resources requires a partnership of institutions, students, and taxpayers. Before the first additional tuition or tax dollar is requested, Illinois higher education, through the P•Q•P initiative, must demonstrate that each dollar spent was examined carefully and used effectively. Institutional productivity reports provide accountability and document institutional commitments and reinvestments to high priority programs and services. These budget recommendations, as those since the inception of P•Q•P, continue to build on colleges' and universities' commitments to reinvesting in priorities and targeting new tuition and tax resources to support statewide and institutional priorities, including:

- preparing Illinois' workforce,
- promoting health and human services,
- strengthening the quality of undergraduate education,
- enhancing the use of technology in improving teaching and learning,
- improving student access and affordability,
- protecting campus facilities from deterioration, and
- strengthening the academic base of institutions.

Preparing Illinois' Workforce. The economy is evolving, creating new opportunities but also new challenges for those entering the workforce as well as workers whose skills have become obsolete. In May 1996, the Board of Higher Education adopted *Strengthening Workforce Preparation: A Collaborative Action Plan*, the product of a task force composed of representatives of business, labor, education, and social services. The task force updated an earlier plan, based on the dual themes of personal and statewide economic development. The plan is intended to increase productive participation in the workforce, improve the state's economy and competitiveness, and break the cycle of poverty for many families.

The updated action plan recommended the development of specific tactics and target dates for accomplishing the goals jointly developed by the Board of Higher Education, the Illinois Community College Board, the State Board of Education, and the Department of Commerce and Community Affairs in *Policy Directions for Workforce Preparation*. The action plan improves workforce preparation

through increasing opportunities and enhancing the ability for lifelong learning; equality of learning opportunities and access to information; overcoming barriers to higher knowledge, skills, and employment; ensuring that what is taught in classrooms is relevant to the workplace; and assuring that investments of state dollars produce high quality services for both students and employers. In June 1996, the action plan was adopted by the Governor's Human Resource Investment Council and a vision statement for the Illinois workforce preparation system was created and fully integrated into the goals of the action plan.

These budget recommendations advance the goals of the action plan by including funds to expand collaborative efforts with business and industry and education-to-careers programs, enhance services to students, expand manufacturing assistance efforts, strengthen academic and regional consortia programs, and increase student internship opportunities.

Promoting Health and Human Services. Illinois higher education bears a unique responsibility in promoting the health and welfare of Illinois citizens by providing the initial training for health and social services professionals and providing continuing education opportunities for career professionals. In September 1993, the Board of Higher Education adopted *Policy Recommendations for Health Professions Education*, a series of policies that identified and prioritized the state's need for health care professionals and determined the health care areas most in demand of additional graduates. The policies established as a high priority increasing the number of health care professionals in underserved areas of the state and the overall number of minority health professionals. These budget recommendations recognize the increasing regional needs for health and social services education by providing state funds for new and expanded programs in social work and early childhood education in the Chicago area, an enhanced nurse practitioner program downstate, and increased support for professional health programs and the Health Education Services Grants Act.

Strengthening the Quality of Undergraduate Education. Focusing on the quality and delivery of undergraduate education in Illinois has been a long-standing priority of the Board of Higher Education. The fiscal year 1998 budget recommendations provide new and existing funds to make advancements in teaching and learning, revise and update curriculums and enhance undergraduate student persistence and retention.

The recommendations provide support for institutional priorities for strengthening the quality of undergraduate instruction. Funds are included for specific initiatives such as restructuring general education courses, adding new tenure track faculty for expanded academic programming, improving student academic advising and student retention, and developing tools for assessing student academic progress. Incremental state funds also are recommended for specific new or expanded program requests.

Enhancing the Use of Technology. In September 1996, *Telecommunications and Educational Technology: A Status Report* discussed the use of technology in higher education as a tool for improving curriculum and instruction, providing opportunities for placebound students, and fostering life-long learning. The report highlighted the progress Illinois has made in developing technology initiatives in higher education, such as providing grants to improve the technology infrastructure of public universities and community colleges, developing two-way interactive video classrooms, developing internet and satellite technologies, and improving the use of new technologies in Illinois libraries. In addition, the report raised several technology-based issues confronting higher education, including the need for new and more robust networks, new levels of connectivity, equipment upgrades, curricular applications, and new programs for faculty development and training.

In response to these and other technology-related issues, these recommendations include funds to support technology enhancements, purchase instructional equipment, and continue distance learning initiatives at the public universities. At community colleges, increases are recommended in

Advanced Technology Grants for state-of-the-art equipment purchases and technology infrastructure. The recommendations also include increases for grants under the Higher Education Cooperation Act, targeting additional resources for the Library Resource Sharing Project, providing Illinois libraries with new technologies and improving access to information, and grants supporting interinstitutional initiatives to provide increased technology training for faculty and staff.

In addition, funding for technology initiatives included in the operating budget is enhanced by the second year of support for the Technology Infrastructure Initiative and the fourth year of funding for the Statewide Higher Education Telecommunications Initiative in *Fiscal Year 1998 Capital Improvements Recommendations*.

Improving Student Access and Affordability. The recommendations of the Committee to Study Affordability, adopted by the Board of Higher Education, emphasize students' and their families' ability to pay for higher education. In March 1996, the *Status Report on Implementation of Policies Recommended by the Committee to Study Affordability* highlighted initiatives undertaken by colleges and universities to improve affordability, as well as need-based programs to assist students with college costs. The report also called upon institutional governing boards to adopt four-year plans for tuition and fees and to consider multiple factors in determining tuition and fee rates.

These recommendations reinforce the Board's policies on improved student access, affordability, and need-based assistance by providing increased funding for the state's largest need-based financial aid program--the Monetary Award Program (MAP). New incremental funds will recognize tuition and fee increases, increase the living allowance acknowledged in the MAP formula for determining financial need, and increase the maximum award.

These recommendations continue the Board's efforts to improve and expand need-based student financial assistance. In fiscal year 1997, in response to the Committee to Study Affordability's recommendation, the Board recommended and the General Assembly approved $9.0 million for the need-based Illinois Incentive for Access program that provides $500 annual awards for freshmen who have no family resources to pay for college. Funding for the program is recommended again for fiscal year 1998. In addition, as recommended by the Committee to Study Affordability, funding is included in these recommendations for expanding eligibility for MAP to include first-time freshmen and transfer students holding associate's degrees who choose to attend accredited, proprietary institutions that offer degree programs approved by the Board of Higher Education. This recommendation will expand access to the Monetary Award Program to students enrolled in every sector of higher education in Illinois.

Deferred Maintenance. Preserving the integrity of the state's public colleges' and universities' physical facilities is both an institutional and statewide priority. The deterioration of buildings and infrastructure jeopardizes the ability of institutions to maintain quality educational services and, in some cases, jeopardizes the safety of students, faculty, and staff. As part of the P•Q•P initiative, institutions identified deferred maintenance as an increasingly high priority, and have reallocated resources from lesser priorities in order to address the backlog of deferred maintenance needs. Despite these reallocations, many institutions have not been able to provide sufficient resources to keep up with the on-going demands for maintenance and repair of campus facilities. In recognition of the growing need for deferred maintenance funds, these recommendations provide incremental state resources for public colleges and universities to address the most critical deferred maintenance concerns.

Strengthening the Academic Base. Illinois higher education traditionally has maintained account-ability to the taxpayers of Illinois by publishing periodic self-examinations in areas such as undergraduate and graduate instructional costs, retention and graduation rates, public service and research activities, staffing, salaries, and academic program quality reviews. These evaluations have

become more focused and intense under the P•Q•P initiative. One of the outgrowths of these examinations is documentation that certain institutions, either through low levels of tax support or access to local tax support, do not have access to the same financial resources as other institutions. These recommendations recognize that certain institutions, or types of institutions, need additional resources to strengthen the basic academic foundation. These recommendations target incremental resources to those institutions with the greatest need. These resources will be used to address the unique needs of the institutions, including increasing faculty and staff salaries to levels comparable with peer institutions; increasing the resource base for full-time, tenure track faculty; and increasing course sections and other institutional support requirements.

One of the highest continuing institutional priorities has been the improvement of faculty and staff salaries. The Board of Higher Education recognizes the need to maintain competitive compensation in order to attract and retain the high caliber of faculty and staff necessary to provide quality education at Illinois institutions. The Board has advanced this priority through a combination of increases in incremental funds and by encouraging reinvestments of resources through the Priorities, Quality and Productivity initiative. In July 1996, the *Fiscal Year 1996 Faculty and Civil Service Salaries* report documented the increase in faculty and staff salaries compared to economic indicators and the relative positions of those salaries in comparison to faculty and staff at peer institutions in other states. The report concluded that faculty and staff salaries in Illinois continue to improve, but continued growth and improvement beyond the rate of inflation must come from focusing on higher education's highest priorities and reinvesting resources in those programs. These recommendations provide for an average salary increase of 3.0 percent and a 3.0 percent increase in the Medicare base. Institutions should continue to recognize faculty and staff salaries as a high priority and reinvest resources generated from productivity improvements to increase salaries beyond the recommended salary increase.

These recommendations also include incremental funding of $42.1 million for contributions to the State Universities Retirement System, an increase of 26.4 percent over fiscal year 1997 appropriations. This amount is certified by the State Universities Retirement System as the minimum statutory requirement for the retirement system to reach, within 50 years, a level in which system assets equal 90 percent of liabilities.

These fiscal year 1998 recommendations target new resources to higher education programs and services most important to improving the quality of life for Illinois' citizens. Institutions must continue campus-based efforts to set priorities and reinvest resources from low to high priority programs and activities. These recommendations recognize the fiscal realities of the state, the traditional level of confidence placed in higher education, and the historic level of resources made available to higher education. Higher education will continue to earn that confidence by pledging its ongoing commitment to the Priorities, Quality, and Productivity (P•Q•P) initiative; identifying and undertaking only the most important, high quality programs and activities that improve the quality of life for Illinois citizens; assuring accountability for every resource entrusted to it; and pledging that all Illinois citizens have the opportunity to improve their lives through access to affordable higher education programs and services.

III. Public Universities

The fiscal year 1998 budget recommendations for public universities are based on the unique contributions each campus makes towards improving the lives of Illinois citizens. Through this diverse set of institutions Illinois is well positioned to address the state's most pressing needs: preparing Illinois' workforce, promoting health and human service, strengthening the quality of undergraduate education, enhancing the use of technology, and improving access to and the affordability of higher education. In addition, these recommendations target new resources to address accumulated repair and maintenance needs and strengthen the academic base of institutions. These recommendations recognize that incremental revenues address only part of the resource requirement, that institutions must continue to be responsible for implementing productivity improvements and reinvesting resources to address campus priorities. Absent tough campus decisions, quality and productivity improvements will be hampered.

Fiscal year 1998 recommendations for the first time include university income funds as non-appropriated funds. Public Act 89-602 authorizes public universities to retain tuition revenue in local accounts beginning August 1996. Prior to enactment of the legislation, tuition revenues were deposited in the state treasury and subject to appropriation. These recommendations recognize that tuition revenue is a source of available funds and reflect university income funds in the budget presentations. The recommendation for each campus is based on campus estimates of available tuition and other income fund revenue.

In fall 1996, each public university governing board, except the Northern Illinois University Board of Trustees, adopted tuition rate increases with undergraduate tuition increases ranging from 3.0 percent to 5.9 percent, and averaging 3.9 percent, for the 1997-98 academic year. Adopting tuition rates in the fall allows students and their families to better plan for college costs for the coming academic year. Some campuses also have adopted four-year tuition plans and several other universities are considering such plans. These recommendations recognize the financial commitments that students are making to their respective campus by ensuring that the additional tuition revenues are used to support campus priorities. These recommendations also recognize that there are financial aid requirements associated with tuition and fee increases and hold each campus responsible for a portion of the financial aid requirement for tuition and fee increases exceeding 3.0 percent.

Fiscal year 1998 recommendations for public universities total $1,676.9 million. The recommendations include $1,202.6 million in state general funds, an increase of $40.1 million, or 3.5 percent, over fiscal year 1997 appropriations. Nonappropriated university income funds of $464.3 million, an increase of $18.1 million, or 4.1 percent above fiscal year 1997 levels, are included in the recommendations. The recommendations for public universities are summarized on Tables III-1 through III-4.

Program Priorities

Fiscal year 1998 recommendations include $29.3 million in incremental funds for statewide and institutional priorities including: preparing Illinois' workforce, promoting health and social services, strengthening the quality of undergraduate education, enhancing the use of technology, improving student access and affordability, addressing deferred maintenance, and strengthening the academic base of institutions. These recommendations support high priority statewide initiatives identified by the Board of Higher Education and programs and initiatives identified by the universities as institutional priorities. Recommended resources will support distance learning programs, increases in the number of tenure-track faculty, instructional equipment, student retention initiatives, campus deferred maintenance projects, instructional technology and library improvements, and student diversity and minority student achievement.

The fiscal year 1998 recommendations include a total of $2.3 million for new or expanded initiatives to better prepare Illinois' workforce. In response to the Board's *Strengthening Workforce Preparation: A Collaborative Action Plan*, funds are recommended to better prepare elementary and secondary school teachers through support for professional development schools and teacher education programs, as well as off-campus programs and distance education aimed at placebound students. New resources also are targeted to improve the linkages between Illinois public universities and regional economic development activities and support research activities that will lead to increased employment for Illinois citizens.

These recommendations include $2.0 million for new and expanded initiatives to improve health care and social services. Illinois public universities are a major supplier of trained health care professionals, maintaining two medical schools and offering health education programs throughout the state. Public universities also are major providers of social services professionals with baccalaureate and graduate degrees. Several public universities responded to the growing regional need for social services education and health professionals programs. Funds are recommended for two new Masters of Social Work programs in the Chicago area at Chicago State University and Governors State University, enhancing the Master of Science in Nursing (Nurse Practitioner) at Southern Illinois University at Edwardsville and improving professional health education programs at Southern Illinois University School of Medicine and the University of Illinois at Chicago.

The fiscal year 1998 recommendations provide funding totaling $8.1 million for strengthening undergraduate education at Illinois public universities. The Board of Higher Education reaffirms undergraduate education as one of its highest priorities. These recommendations support this priority by providing funds for undergraduate programs and initiatives at each of the 12 public univer-sity campuses. Funds are recommended for increases in the number of tenure-track faculty and for student retention initiatives at Chicago State University; academic base support at Eastern Illinois University; student retention efforts at both Southern Illinois University campuses; academic base support for the three campuses of the University of Illinois; an undergraduate writing program and student assessment program at Governors State University; general education reform and undergraduate teaching and learning improvements at Illinois State University and Northern Illinois University; instructional staffing at Northeastern Illinois University; and instructional equipment needs at Western Illinois University.

Providing new state resources for deferred maintenance needs is an increasing priority on Illinois public university campuses. Many universities are facing growing deferred maintenance backlogs that threaten the ability of the institutions to maintain quality educational environments. To address the most urgent of these deferred maintenance priorities, the fiscal year 1998 recommendations provide incremental funds totaling $3.8 million for deferred maintenance projects. Funds are recommended for each university with $2.0 million allocated among the campuses based on their proportion of statewide gross square feet, and an additional $1.8 million are recommended for deferred maintenance priorities specifically identified by individual institutions. In addition, funding for deferred maintenance is enhanced by $75.0 million in capital renewal funds included in *Fiscal Year 1998 Capital Improvements Recommendations*.

The continued incorporation and integration of educational technology into the classroom has emerged as both an institutional and statewide priority. Distance learning technologies, Internet accessibility, and campus-wide computer networks have been identified by public universities as growing areas of importance. The fiscal year 1998 recommendations include funds totaling $5.7 million for technology initiatives. The recommendations include $100,000 for each public university campus, with the remaining amount allocated to specific technology priorities including technology and computer enhancements, instructional technology and equipment, and distance learning support.

Minority student achievement initiatives identified in institutional program priorities are recommended for incremental resources totaling $730,000. These recommendations include funding for retention and recruitment programs at Southern Illinois University at Edwardsville and multicultural research and diversity initiatives at the University of Illinois at Chicago.

Institutional Support

Compensation Increases

Maintaining and delivering quality educational programs is at the heart of the public universities' mission. More than any other factor, the skill, expertise, and dedication of the faculty and staff at these institutions drives the overall quality of the services provided. Competitive compensation is a key element in attracting and retaining the high caliber of faculty and staff needed to deliver quality educational programs at Illinois public universities. Continued progress in maintaining competitive faculty and staff compensation is both an institutional and statewide priority.

The fiscal year 1998 recommendations include funds totaling $35.5 million for a 3.0 percent salary increase calculated on 95 percent of the personal services base to reflect staff turnover and vacant positions, and $336,100 for a 3.0 percent increase in Medicare costs.

In addition to the increase in salaries, faculty and staff compensation also includes an increase of $42.1 million in contributions to the State Universities Retirement System. The additional recommended resources are sufficient to meet the normal cost of maintaining the system and increase the System funding ratio to 90 percent over the next 50 years, which will assure the financial viability of the System for current and future retirees.

Library Materials Increases

The delivery of quality educational services is dependent upon the availability of adequate and appropriate library materials. The preponderance of educational and technical journals and the rising cost of paper have made it difficult for public universities to maintain the volume of materials necessary for faculty and student research and instructional needs. Cooperative library initiatives have improved services available to students but resources are needed to support cost increases. The fiscal year 1998 recommendations include a 5.0 percent increase, a total of $1.4 million, to accommodate cost increases in library materials.

Utilities Increases

The fiscal year 1998 recommendations recognize the rising cost of utilities, particularly natural gas and electricity. The recommendations include a 3.0 percent increase in the utility costs for public universities, a total increase of $2.3 million.

Operation and Maintenance of Buildings

The recommendations for fiscal year 1998 provide at total of $1.3 million for the cost of operating and maintaining new buildings at public universities. The recommendation provides funding for the following institutions: $33,600 for Ninth Street Hall at Eastern Illinois University; $600,000 for the Science Laboratory at Illinois State University; $263,800 for the Engineering Annex, $239,000 for the Power Plant Expansion, and 26,300 for the Forestry Science Laboratory at Southern Illinois University at Carbondale; and $76,500 for the Office of Admissions and Records and $67,200 for the Biomedical Magnetic Resonance Laboratory at the University of Illinois at Urbana-Champaign. These amounts are based on the type and use of the new space and the length of time the new facilities will be open in fiscal year 1998.

Other Adjustments

Tuition Waiver Adjustments

Board of Higher Education policies limit the amount of undergraduate tuition waived by public universities to three percent of potential undergraduate tuition revenue. Statutory waivers, including waivers for gender equity in intercollegiate athletics, and waivers for civil service staff are excluded from the limitation. Where out-of-state students are charged in-state tuition, only 50 percent of the waivers granted were used in the calculation of total student waivers. Also excluded are tuition waivers granted to foreign students attending an Illinois public university as part of an exchange program that allows Illinois students to attend foreign universities by paying tuition at an Illinois public university. The budget recommendations include $289,500 in negative base adjustments at two university campuses where tuition waivers exceed three percent. These adjustments ensure that state general funds do not subsidize tuition waivers above the limit established by Board policy.

Tuition Related Adjustments

The fiscal year 1998 budget recommendations mark the first year that university income funds are recommended as funds held locally by institutions. In prior years, university income fund revenues were appropriated by the General Assembly. These recommendations recognize the authority of public universities to manage income fund revenues locally and continue to recognize that tuition revenues are available to meet institutional resource requirements.

Universities are expected to contribute increased tuition revenues equal to three percent of their prior year income fund base to fund salary and cost increase recommendations. Campuses receive negative base adjustments when enrollments are projected to decrease, or revenues will not sustain the prior year's resource base. Negative resource adjustments are recommended at five universities where fiscal year 1998 projected income fund revenues are less than three percent over fiscal year 1997 available income fund resources. Without these adjustments, state general funds would replace decreases in tuition revenue.

Negative resource adjustments are recommended to transfer appropriation authority to the Illinois Student Assistance Commission for the Monetary Award Program. These offsets are made at ten campuses where fiscal year 1998 tuition and fee increases are above the approximate inflation rate of three percent. These adjustments support Monetary Award Program resources necessary to meet the student financial aid requirements for undergraduate tuition and fee increases above three percent.

The fiscal year 1998 recommendations include negative base adjustments at each university to approximate the interest accrued on locally held income funds. Adjustments are based on the average ending monthly balance of university income funds for fiscal year 1996. Interest income is estimated to accrue at an assumed rate of four percent per anum. This adjustment is made to hold the state harmless for lost interest income on previously state-held income funds.

Other Adjustments

A negative adjustment totaling $8.2 million is recommended to transfer county board matching funds spending authority from the University of Illinois to the Department of Agriculture. The transfer is required as a provision of House Bill 2046, approved by the General Assembly on December 4, 1996. A negative adjustment of $333,700 is recommended at Southern Illinois University at Edwardsville to reflect the phase-out of cost recovery programs in the St. Louis metropolitan area.

Fund Sources

Table III-1 summarizes recommended general funds for public universities, Table III-2 shows available university income funds, Table III-3 provides total recommended funds, and Table III-4 summarizes the fiscal year 1998 recommendations by source of funds. The recommendations include $1,099.8 million from the General Revenue Fund, $102.8 million from the Education Assistance Fund, $464.3 million from the university income funds, $8.7 million from the Agricultural Premium Fund, $994,100 from the Fire Prevention Fund, and $290,000 from the Real Estate Research and Education Fund.

The fiscal year 1998 recommendations for the first year include university income funds as locally held funds instead of state appropriations. The fiscal year 1998 recommendations recognize university estimates of tuition revenues available, including fiscal year 1998 rates for tuition and fees charged, the amount of tuition and fees collected, and the number of students enrolled. These estimates are then used to recommend the resource requirements that can be supported with this level of tuition revenue. The fiscal year 1998 recommendations for public universities are based on the availability of $464.3 million in university income funds, an increase of $18.1 million, or 4.1 percent, over fiscal year 1997 levels.

The recommendation for the Agricultural Premium Fund is $8.7 million, a decrease of $6.4 million from fiscal year 1997 appropriations. This recommendation reflects the legislated transfer of county board matching funds from the University of Illinois to the Illinois Department of Agriculture. The recommendation for the Fire Prevention Fund, which supports the Illinois Fire Services Institute at the University of Illinois, is $994,100. The recommendation for the Real Estate Research and Education Fund, which supports the operation of the Office of Real Estate Research at the University of Illinois, is $290,000.

Table III-1

FY1998 RECOMMENDATIONS
UNIVERSITIES OPERATIONS AND GRANTS
GENERAL FUNDS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriation	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Chicago State University	$ 30,299.1	$ 36,714.0	$ 31,910.8	$ 1,611.7	5.3 %
Eastern Illinois University	39,677.6	44,711.5	42,402.0	2,724.4	6.9
Governors State University	20,831.7	23,340.1	21,990.1	1,158.4	5.6
Illinois State University	72,640.3	79,280.2	75,695.4	3,055.1	4.2
Northeastern Illinois University	34,398.4	38,741.1	36,024.1	1,625.7	4.7
Northern Illinois University	94,466.7	107,006.0	97,409.6	2,942.9	3.1
Western Illinois University	50,305.5	56,211.6	52,211.0	1,905.5	3.8
Southern Illinois University	194,075.9	209,803.0	200,170.5	6,094.6	3.1
Carbondale	136,081.6	148,926.9	140,404.9	4,323.3	3.2
Edwardsville	56,076.8	58,898.8	57,804.2	1,727.4	3.1
University Administration	1,917.5	1,977.3	1,961.4	43.9	2.3
University of Illinois	625,797.5	678,725.9	644,792.9	18,995.4	3.0
Chicago	299,663.0	321,241.8	309,329.7	9,666.7	3.2
Springfield	18,380.6	21,239.0	19,391.4	1,010.8	5.5
Urbana-Champaign	266,093.2	293,035.5	273,472.9	7,379.7	2.8
University Administration	41,660.7	43,209.6	42,598.9	938.2	2.3
Total	$ 1,162,492.7	$ 1,274,533.4	$ 1,202,606.4	$ 40,113.7	3.5 %

Table III–2

FY1998 RECOMMENDATIONS
UNIVERSITIES INCOME FUNDS

(in thousands of dollars)

	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Chicago State University	$ 13,386.7	$ 13,386.7	$ 13,709.3	$ 322.6	2.4 %
Eastern Illinois University	21,550.2	22,344.9	22,344.9	794.7	3.7
Governors State University	9,100.0	9,400.0	9,400.0	300.0	3.3
Illinois State University	43,452.9	44,896.4	45,580.1	2,127.2	4.9
Northeastern Illinois University	15,690.1	15,091.1	15,241.1	(449.0)	(2.9)
Northern Illinois University	47,569.7	47,619.4	46,944.7	(625.0)	(1.3)
Western Illinois University	20,941.7	21,797.6	21,996.1	1,054.4	5.0
Southern Illinois University	77,269.4	80,646.8	80,164.2	2,894.8	3.7
Carbondale	57,292.8	59,034.9	58,908.4	1,615.6	2.8
Edwardsville	19,976.6	21,611.9	21,255.8	1,279.2	6.4
University of Illinois	197,211.2	206,893.8	208,874.5	11,663.3	5.9
Chicago	72,190.8	73,981.8	75,125.6	2,934.8	4.1
Springfield	6,057.2	6,024.7	6,065.3	8.1	0.1
Urbana–Champaign	118,963.2	126,887.3	127,683.6	8,720.4	7.3
Total	$ 446,171.9	$ 462,076.7	$ 464,254.9	$ 18,083.0	4.1 %

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Table III–3

FY1998 RECOMMENDATIONS
UNIVERSITIES OPERATIONS AND GRANTS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Chicago State University	$ 43,685.8	$ 50,100.7	$ 45,620.1	$ 1,934.3	4.4 %
Eastern Illinois University	61,227.8	67,056.4	64,746.9	3,519.1	5.7
Governors State University	29,931.7	32,740.1	31,390.1	1,458.4	4.9
Illinois State University	116,093.2	124,176.6	121,275.5	5,182.3	4.5
Northeastern Illinois University	50,088.5	53,832.2	51,265.2	1,176.7	2.3
Northern Illinois University	142,036.4	154,625.4	144,354.3	2,317.9	1.6
Western Illinois University	71,247.2	78,009.2	74,207.1	2,959.9	4.2
Southern Illinois University	271,345.3	290,449.8	280,334.7	8,989.4	3.3
Carbondale	193,374.4	207,961.8	199,313.3	5,938.9	3.1
Edwardsville	76,053.4	80,510.7	79,060.0	3,006.6	4.0
University Administration	1,917.5	1,977.3	1,961.4	43.9	2.3
University of Illinois	839,392.9	893,845.8	863,671.3	24,278.4	2.9
Chicago	371,853.8	395,223.6	384,455.3	12,601.5	3.4
Springfield	24,437.8	27,263.7	25,456.7	1,018.9	4.2
Urbana–Champaign	400,446.5	427,154.8	410,166.3	9,719.8	2.4
University Administration	42,654.8	44,203.7	43,593.0	938.2	2.2
Total	$ 1,625,048.8	$ 1,744,836.2	$ 1,676,865.2	$ 51,816.4	3.2 %
Source of Appropriated Funds					
General Funds	$ 1,162,492.7	$ 1,274,533.4	$ 1,202,606.4	$ 40,113.7	3.5 %
General Revenue Fund	1,063,650.5	1,171,737.6	1,099,810.6	36,160.1	3.4
Education Assistance Fund	98,842.2	102,795.8	102,795.8	3,953.6	4.0
Other	16,384.2	8,226.1	10,003.9	(6,380.3)	(38.9)
Source of Non–Appropriated Funds					
Universities Income Fund	$ 446,171.9	$ 462,076.7	$ 464,254.9	$ 18,083.0	4.1 %

Table III–4

FY1998 RECOMMENDATIONS
UNIVERSITIES OPERATIONS AND GRANTS
SOURCES OF FUNDS

(in thousands of dollars)

Universities	General Revenue Fund	Education Assistance Fund	Universities Income Fund	Other Appropriated Funds	Total
Chicago State University	$ 31,612.5	$ 298.3	$ 13,709.3	-0-	$ 45,620.1
Eastern Illinois University	38,542.1	3,859.9	22,344.9	-0-	64,746.9
Governors State University	19,294.1	2,696.0	9,400.0	-0-	31,390.1
Illinois State University	66,636.3	9,059.1	45,580.1	-0-	121,275.5
Northeastern Illinois University	32,422.6	3,601.5	15,241.1	-0-	51,265.2
Northern Illinois University	85,625.6	11,784.0	46,944.7	-0-	144,354.3
Western Illinois University	46,504.2	5,706.8	21,996.1	-0-	74,207.1
Southern Illinois University	180,980.5	19,190.0	80,164.2	-0-	280,334.7
Carbondale	127,531.3	12,873.6	58,908.4	-0-	199,313.3
Edwardsville	51,548.5	6,255.7	21,255.8	-0-	79,060.0
University Administration	1,900.7	60.7	-0-	-0-	1,961.4
University of Illinois	598,192.7	46,600.2	208,874.5	$ 10,003.9	863,671.3
Chicago	290,343.4	18,986.3	75,125.6	-0-	384,455.3
Springfield	16,675.1	2,716.3	6,065.3	-0-	25,456.7
Urbana–Champaign	250,762.5	22,710.4	127,683.6	9,009.8	410,166.3
University Administration	40,411.7	2,187.2	-0-	994.1	43,593.0
Total	$ 1,099,810.6	$ 102,795.8	$ 464,254.9	$ 10,003.9	$ 1,676,865.2

ALL UNIVERSITIES

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 1,625,048.8
Academic Technology/Distance Learning	$ 5,711.0	
Undergraduate Education	8,149.6	
Workforce Preparation	2,288.9	
Health and Human Services	2,022.0	
Minority Educational Achievement	730.0	
Operations and Maintenance of Buildings	1,306.4	
Deferred Maintenance	3,836.1	
Program Priorities	5,300.0	
ISAC Offset Adjustment	(719.3)	
Income Fund Resource Adjustment	(3,760.4)	
Income Fund Interest Adjustment	(3,801.5)	
Tuition Waiver Adjustment	(289.5)	
County Board Matching Funds Transfer	(8,158.1)	
Cost Recovery Phase-Out	(333.7)	
Library Increase	1,392.9	
Utility Increase	2,299.2	
Compensation Increase	35,842.8	
FY1998 Recommendation		$ 1,676,865.2

Sources of Funds

General Revenue Fund	1,099,810.6
Education Assistance Fund	102,795.8
Universities Income Fund	464,254.9
Agricultural Premium Fund	8,719.8
Real Estate Research and Education Fund	290.0
Fire Prevention Fund	994.1
Total Funds	$ 1,676,865.2

CHICAGO STATE UNIVERSITY

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 43,685.8
Technology Enhancements	$ 415.0	
Student Retention	100.0	
Improvement in Undergraduate Education/ Tenure Track Faculty	250.0	
Matching Funds	50.0	
Masters of Social Work	150.0	
Deferred Maintenance	40.0	
ISAC Offset Adjustment	(3.7)	
Income Fund Resource Adjustment	(79.0)	
Income Fund Interest Adjustment	(64.4)	
Library Increase	21.4	
Utility Increase	40.9	
Compensation Increase	1,014.1	
FY1998 Recommendation		$ 45,620.1

Sources of Funds

General Revenue Fund	31,612.5
Education Assistance Fund	298.3
University Income Fund	13,709.3
Total Funds	$ 45,620.1

EASTERN ILLINOIS UNIVERSITY

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements			$ 61,227.8
Technology Enhancements		$ 500.0	
Academic Base Support		1,100.0	
Increase Tenure–Track Faculty		150.0	
Professional Development Schools		100.0	
Operation and Maintenance of Buildings		33.6	
Ninth Street Hall	$ 33.6		
Deferred Maintenance		349.7	
ISAC Offset Adjustment		(47.3)	
Income Fund Interest Adjustment		(197.4)	
Library Increase		51.7	
Utility Increase		68.8	
Compensation Increase		1,410.0	
FY1998 Recommendation			$ 64,746.9

Sources of Funds

General Revenue Fund	38,542.1
Education Assistance Fund	3,859.9
University Income Fund	22,344.9
Total Funds	$ 64,746.9

GOVERNORS STATE UNIVERSITY

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 29,931.7
M.A. in Early Childhood Education	$ 100.0	
B.A. in Early Childhood Education	180.0	
Master of Social Work	150.0	
Writing Across the Curriculum	75.0	
Student Outcome Assessment Program	30.0	
Enrollment Growth	175.0	
Technology Enhancements	100.0	
Deferred Maintenance	24.0	
ISAC Offset Adjustment	(13.8)	
Income Fund Interest Adjustment	(53.4)	
Library Increase	28.4	
Utility Increase	37.6	
Compensation Increase	625.6	
FY1998 Recommendation		$ 31,390.1

Sources of Funds

General Revenue Fund	19,294.1
Education Assistance Fund	2,696.0
University Income Fund	9,400.0
Total Funds	$ 31,390.1

ILLINOIS STATE UNIVERSITY

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements			$ 116,093.2
Technology Enhancements		$ 1,190.0	
General Education Reform		325.0	
Teacher Education		175.0	
Institutional Support		242.0	
Deferred Maintenance		254.7	
Operations and Maintenance of Buildings		600.0	
Science Laboratory	$ 600.0		
Income Fund Interest Adjustment		(393.2)	
Library Increase		108.7	
Utility Increase		143.2	
Compensation Increase		2,536.9	
FY1998 Recommendation			$ 121,275.5

Sources of Funds

General Revenue Fund	66,636.3
Education Assistance Fund	9,059.1
University Income Fund	45,580.1
Total Funds	$ 121,275.5

NORTHEASTERN ILLINOIS UNIVERSITY

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 50,088.5
Instructional Staffing	$ 360.0	
Instructional Support	600.0	
Technology Enhancements	100.0	
Deferred Maintenance	56.0	
ISAC Offset Adjustment	(40.2)	
Income Fund Resource Adjustment	(919.7)	
Income Fund Interest Adjustment	(148.0)	
Library Increase	42.9	
Utility Increase	40.7	
Compensation Increase	1,085.0	
FY1998 Recommendation		$ 51,265.2

Sources of Funds

General Revenue Fund	32,422.6	
Education Assistance Fund	3,601.5	
University Income Fund	15,241.1	
Total Funds		$ 51,265.2

NORTHERN ILLINOIS UNIVERSITY

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 142,036.4
Technology Enhancements	$ 300.0	
Improvement of Undergraduate Education	450.0	
Off-Campus Programming/Distance Education	300.0	
Deferred Maintenance	370.7	
Income Fund Resource Adjustment	(2,052.1)	
Income Fund Interest Adjustment	(235.0)	
Tuition Waiver Adjustment	(286.7)	
Library Increase	165.2	
Utility Increase	153.5	
Compensation Increase	3,152.3	
FY1998 Recommendation		$ 144,354.3

Sources of Funds

General Revenue Fund	85,625.6
Education Assistance Fund	11,784.0
University Income Fund	46,944.7
Total Funds	$ 144,354.3

WESTERN ILLINOIS UNIVERSITY

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements		
FY1997 Resource Requirements		$ 71,247.2
Technology Enhancements	$ 280.0	
Classroom Equipment	100.0	
Institutional Support	198.5	
WIU Regional Center Equipment	300.0	
WIU Regional Center Operations	325.0	
Deferred Maintenance	214.7	
ISAC Offset Adjustment	(22.7)	
Income Fund Interest Adjustment	(198.5)	
Library Increase	56.0	
Utility Increase	71.6	
Compensation Increase	1,635.3	
FY1998 Recommendation		$ 74,207.1
Sources of Funds		
General Revenue Fund	46,504.2	
Education Assistance Fund	5,706.8	
University Income Fund	21,996.1	
Total Funds		$ 74,207.1

SOUTHERN ILLINOIS UNIVERSITY
UNIVERSITY TOTAL

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 271,345.3
Technology Enhancements	$ 726.0	
Undergraduate Education	626.0	
Workforce Preparation	150.0	
Health and Human Services	818.4	
Paul Simon Public Policy Center	200.0	
Operation and Maintenance of Buildings	529.1	
Minority Educational Achievement	150.0	
Deferred Maintenance	1,429.0	
ISAC Offset Adjustment	(330.2)	
Income Fund Resource Adjustment	(536.0)	
Income Fund Interest Adjustment	(756.5)	
Cost Recovery Phase–Out	(333.7)	
Library Increase	315.9	
Utility Increase	293.5	
Compensation Increase	5,707.9	
FY1998 Recommendation		$ 280,334.7

Sources of Funds

General Revenue Fund	180,980.5
Education Assistance Fund	19,190.0
University Income Fund	80,164.2
Total Funds	$ 280,334.7

SOUTHERN ILLINOIS UNIVERSITY
CARBONDALE

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements			$ 193,374.4
Technology Enhancements		$ 100.0	
Distance Learning Support		200.0	
Educational Initiatives – School of Medicine		100.0	
Center for Advanced Friction Studies		150.0	
Student Recruitment and Retention		400.0	
Paul Simon Public Policy Center		200.0	
Institutional Support – School of Medicine		668.9	
Operation and Maintenance of Buildings		529.1	
Engineering Annex	$ 263.8		
Forestry Science Laboratory	26.3		
Power Plant Expansion	239.0		
Deferred Maintenance		427.7	
ISAC Offset Adjustment		(264.4)	
Income Fund Resource Adjustment		(536.0)	
Income Fund Interest Adjustment		(560.9)	
Library Increase		262.6	
Utility Increase		231.3	
Compensation Increase		4,030.6	
FY1998 Recommendation			$ 199,313.3

Sources of Funds

General Revenue Fund	127,531.3
Education Assistance Fund	12,873.6
University Income Fund	58,908.4
Total Funds	$ 199,313.3

SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 76,053.4
Enhancement of Nurse Practitioner Program	$ 149.5	
Technology Enhancements	100.0	
Electronically Delivered Instruction	50.0	
Enhancement of Dental Medicine Program	176.0	
Diversity Plan – Minority Recruitment and Retention	150.0	
Enhancement of Learning Resources	100.0	
Improving Retention and the Quality of Undergraduate Education	126.0	
Deferred Maintenance	1,001.3	
ISAC Offset Adjustment	(65.8)	
Income Fund Interest Adjustment	(195.6)	
Cost Recovery Phase – Out	(333.7)	
Library Increase	53.3	
Utility Increase	62.2	
Compensation Increase	1,633.4	
FY1998 Recommendation		$ 79,060.0

Sources of Funds

General Revenue Fund	51,548.5
Education Assistance Fund	6,255.7
University Income Fund	21,255.8
Total Funds	$ 79,060.0

SOUTHERN ILLINOIS UNIVERSITY
UNIVERSITY ADMINISTRATION

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements		
FY1997 Resource Requirements		$ 1,917.5
Compensation Increase	$ 43.9	
FY1998 Recommendation		$ 1,961.4
Sources of Funds		
General Revenue Fund	1,900.7	
Education Assistance Fund	60.7	
Total Funds		$ 1,961.4

UNIVERSITY OF ILLINOIS
UNIVERSITY TOTAL

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements		$ 839,392.9
Technology Enhancements	$ 1,350.0	
Undergraduate Education	3,493.1	
Workforce Preparation	1,513.9	
Health and Human Services	623.6	
Program Priorities	5,100.0	
Minority Student Achievement	580.0	
Operation and Maintenance of Buildings	143.7	
Deferred Maintenance	1,097.3	
ISAC Offset Adjustment	(261.4)	
Income Fund Resource Adjustment	(173.6)	
Income Fund Interest Adjustment	(1,755.1)	
Tuition Waiver Adjustment	(2.8)	
County Board Matching Funds Transfer	(8,158.1)	
Library Increase	602.7	
Utility Increase	1,449.4	
Compensation Increase	18,675.7	
FY1998 Recommendation		$ 863,671.3

Sources of Funds

General Revenue Fund	598,192.7
Education Assistance Fund	46,600.2
University Income Fund	208,874.5
Agricultural Premium Fund	8,719.8
Real Estate Research and Education Fund	290.0
Fire Prevention Fund	994.1
Total Funds	$ 863,671.3

UNIVERSITY OF ILLINOIS
CHICAGO

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements			$ 371,853.8
Strengthening the Academic Base		$ 850.0	
Core Curriculum	$ 300.0		
Freshman Seminar	300.0		
Academic Support	250.0		
Technology Enhancements		550.0	
Library Improvements		500.0	
Multicultural Research and Diversity		580.0	
Strengthening Links to the State		300.0	
Professional Programs Improvements		544.1	
Improving Student Services		225.0	
Deferred Maintenance		537.3	
ISAC Offset Adjustment		(110.3)	
Income Fund Interest Adjustment		(642.5)	
Library Increase		234.7	
Utility Increase		763.0	
Compensation Increase		8,270.2	
FY1998 Recommendation			$ 384,455.3

Sources of Funds

General Revenue Fund	290,343.4
Education Assistance Fund	18,986.3
University Income Fund	75,125.6
Total Funds	$ 384,455.3

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UNIVERSITY OF ILLINOIS
SPRINGFIELD

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements			$ 24,437.8
Strengthening the Academic Base		$ 400.0	
Restoring Faculty	$ 100.0		
Doctor of Public Administration	300.0		
Technology Enhancements		200.0	
Deferred Maintenance		29.3	
ISAC Offset Adjustment		(6.8)	
Income Fund Resource Adjustment		(173.6)	
Income Fund Interest Adjustment		(53.9)	
Tuition Waiver Adjustment		(2.8)	
Library Increase		36.3	
Utility Increase		29.2	
Compensation Increase		561.2	
FY1998 Recommendation			$ 25,456.7

Sources of Funds

General Revenue Fund	16,675.1
Education Assistance Fund	2,716.3
University Income Fund	6,065.3
Total Funds	$ 25,456.7

UNIVERSITY OF ILLINOIS
URBANA–CHAMPAIGN

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements

FY1997 Resource Requirements			$ 400,446.5
Strengthening the Academic Base		$ 260.0	
Freshman Discovery Program	$ 260.0		
Technology Enhancements		100.0	
Professional Programs Improvements		1,293.4	
LAS Enrollment Expansion		1,143.1	
Improving Student Services		915.0	
Retaining Critical Faculty		4,800.0	
Operation and Maintenance of Buildings		143.7	
Biomedical Magnetic Resonance Laboratory	67.2		
Office of Admissions and Records	76.5		
Deferred Maintenance		530.7	
ISAC Offset Adjustment		(144.3)	
Income Fund Interest Adjustment		(1,058.7)	
County Board Matching Funds Transfer		(8,158.1)	
Library Increase		331.7	
Utility Increase		657.2	
Compensation Increase		8,906.1	
FY1998 Recommendation			$ 410,166.3

Sources of Funds

General Revenue Fund	250,762.5
Education Assistance Fund	22,710.4
University Income Fund	127,683.6
Agricultural Premium Fund	8,719.8
Real Estate Research and Education Fund	290.0
Total Funds	$ 410,166.3

UNIVERSITY OF ILLINOIS
UNIVERSITY ADMINISTRATION

FY1998 Recommendations
(in thousands of dollars)

Resource Requirements		
FY1997 Resource Requirements		$ 42,654.8
Compensation Increase	$ 938.2	
FY1998 Recommendation		$ 43,593.0
Sources of Funds		
General Revenue Fund	40,411.7	
Education Assistance Fund	2,187.2	
Fire Prevention Fund	994.1	
Total Funds		$ 43,593.0

IV. COMMUNITY COLLEGES

Illinois community colleges are uniquely positioned to serve the educational needs of Illinois' citizens. Every area of the state is included in a community college district governed by a Board of Trustees that is dedicated to assuring that the college provides the important services requested by district residents. The establishment of locally governed Illinois community colleges, an outgrowth of the Board of Higher Education's Master Plan, continues to be a national model for local and state accountability, quality programs, and cost effectiveness.

These recommendations, which support the statewide program initiatives identified for all of higher education and specific priorities identified by Illinois community college leadership, are shown on Table IV-1. The recommendations focus on statewide initiatives to better prepare Illinois' workforce, enhance the use of technology, improve student access and affordability, strengthen the quality of teaching and learning, and address accumulated deferred maintenance needs. Priority also is given to strengthening the academic base for districts that, because of a below average tax base, are unable to generate sufficient local tax revenue to support high quality instructional programs. Specific program priorities are discussed in later sections.

Funds are recommended for average compensation increases of 3.0 percent, the same decision rule used for public universities and higher education agencies. Specific compensation and budget decisions made by individual community college districts will vary from the standards used in these recommendations based on local priorities, reallocations, and available revenues.

These recommendations also reflect the implementation of Public Act 88-0593 which revised the minimum annual state contribution to the State Universities Retirement System to an amount that, when added to other sources of employer contributions, is sufficient to meet the normal cost of maintaining the system and to increase the system funding ratio to 90 percent over the next 50 years. These recommendations fully fund the statutory requirements of the State Universities Retirement System for fiscal year 1998 and include an increase for the System of $42.1 million, or 26.4 percent.

The Community College Funding Plan

Under the community college funding plan included in the Board of Higher Education's *Master Plan Policies for Illinois Higher Education*, annual budget recommendations are based on actual instructional costs in six instructional categories and historical enrollments. These instructional costs are then adjusted to reflect salary and cost increases for the current fiscal year, recommended salary and cost increases for the budget year, and programmatic initiatives for the budgeted fiscal year to determine the total resource requirements. Nonstate revenues, including local tax revenue and tuition which are locally held, are subtracted from these resource requirements to determine the state funding requirements.

In January 1995, the Illinois Community College Board established the System Funding Task Force to review the funding principles and concepts outlined in the President's Council Report entitled, *Operational Funding of Community Colleges in Illinois: A New Look*. The Task Force presented its report, *Report of the System Funding Task Force*, to the Illinois Community College Board in September 1996. The report was endorsed by the Illinois Community College Board. The fiscal year 1998 request submitted for the community college system was based on the recommendations included in the Task Force report. These recommendations include funding formula changes requested by the community college system and are described in later sections.

The fiscal year 1998 resource requirements included in these recommendations support apportionment enrollments of 199,277 full-time-equivalent students, a decrease of 4,837 students, or 2.4 percent. Table IV-2 provides the calculations used to determine the fiscal year 1998 resource

requirements. The community college funding plan requires the inclusion of nonstate revenues as sources of funding for community college resource requirements. Table IV-3 provides a summary of estimated fiscal year 1998 revenues, and Table IV-4 provides supporting calculations for local tax and tuition and fee revenue estimates. Table IV-5 provides the calculation of Credit Hour Grants by category. Table IV-6 details recommended grant allocations, by district, as calculated by Board of Higher Education staff. The actual distribution of grant funds to colleges is determined by the Illinois Community College Board per state statute. The fiscal year 1998 recommendations for these grants are described below.

Credit Hour Grants

A total of $169.2 million is recommended for Credit Hour Grants, an increase of $2.6 million, or 1.5 percent. This recommendation provides an increase in the average credit hour grant rate from $27.21 to $28.30, an increase of $1.09, or 4.0 percent.

Credit Hour Grants are distributed on the basis of fiscal year 1996 instructional costs per credit hour in six categories of instruction, adjusted to reflect the cost and salary increases for fiscal year 1997 and budgeted cost increases for fiscal year 1998, including a 3.0 percent compensation increase, a 3.0 percent utilities increase, and a 5.0 percent library materials increase. These recommendations also include additions to community colleges' resource requirements totaling $3.5 million for improvements in teaching and learning and $2.0 million for the development of technical skills of community college faculty and staff. Resource requirements are funded through a combination of local property tax revenues, student tuition and fees, state grant funding, and other sources.

Workforce Preparation Grants

A total of $12.1 million is recommended for Workforce Preparation Grants, an increase of $925,000, or 8.3 percent. The recommendations recognize the high priority placed on workforce preparation initiatives by community college leadership and include changes in funding formulas as requested by the Illinois Community College Board. The recommendation for Workforce Preparation Grants consists of three initiatives: business and industry services, education-to-careers, and student support services programs.

Business and Industry Services. This recommendation totals $5.3 million, an increase of $600,000, or 12.9 percent, over fiscal year 1997 grants. The recommendation provides a basic grant of $50,000 per district, an increase of $15,000 over the fiscal year 1997 basic grant of $35,000, to support a business and industry center on each college campus. An additional $3.3 million are allocated on the basis of business, technical, and health occupational credit hours. These funds will be used to support employment training and business and industry services.

Education-to-Careers Programs. This recommendation totals $4.7 million and provides a basic allocation of $100,000 per district with an additional $750,000 allocated based on each district's labor force, unemployment rate, and welfare caseload. These funds will be used to establish partnerships with local schools, businesses, and employment and training agencies to facilitate education transitions.

Student Support Services. This recommendation totals $2.1 million and is allocated based on each district's headcount enrollment. These funds will be used for student testing, assessment, and tutoring; and providing students assistance with study skills, job placement, and child care.

Special Populations Grants

Funds totaling $12.3 million are recommended for Special Populations Grants, an increase $600,000, or 5.1 percent, over fiscal year 1997 grants. Based on the recommendation of the System Funding Task Force, $11.7 million are recommended to be distributed based on the fiscal year 1997 grant distribution to maintain the current level of services. The increase in grant funding of $600,000 will be distributed based on the number of students in each district with no family financial resources to contribute to education costs. These grants support districts in their efforts to increase the access, retention, and graduation of underrepresented populations, particularly minorities. Each district is required to prepare an annual report of the results of the district's program.

Advanced Technology Equipment Grants

The recommendations for Advanced Technology Equipment Grants totals $9.6 million, an increase of $450,000, or 4.9 percent, above fiscal year 1997 appropriations. The grants include two components as described below.

Instructional Equipment. The recommendation for these grants totals $4.7 million, an increase of $225,000, or 5.0 percent. These grants will be allocated to community college districts on the basis of business, technical, and health occupational credit hours and will be used to purchase state-of-the-art instructional equipment.

Technology Support. This recommendation totals $4.9 million, an increase of $225,000, or 4.8 percent, above fiscal year 1997 appropriations. These grants include a basic allocation of $75,000 in the district with the remaining $1.9 million allocated based on three factors: district size, the number of telecommunications market service areas in the district based on regional consortia data, and the annual number of headcount students served in each district. Grant funds will be used for technology infrastructure, transmission, and maintenance costs.

Retirees Health Insurance Grants

Funds are recommended for this restricted grant program to provide financial support to districts for health insurance premiums for retired community college employees. The recommendation of $2.9 million, an increase of $200,000, or 7.4 percent, will continue to be distributed based on the number of retirees certified by the State Universities Retirement System. This funding level will provide grants of approximately $640 per retiree and support the anticipated addition of 300 new retirees.

Deferred Maintenance Grants

A total of $2.0 million is recommended for a new grant program to provide operating grants to community colleges to address the growing backlog of maintenance projects. Grants would be allocated to each district based on a quartile ranking of gross square footage per college, with colleges in the first quartile receiving $33,150, the second receiving $38,150, the third receiving $43,150, and the fourth receiving $48,150.

Equalization Grants

These recommendations provide funds to supplement local tax revenues and achieve a minimum statewide average local tax revenue per student. Addressing the variation in local property tax wealth among the districts and assuring a base level of financial support per student continues to be a high priority in the development of budget recommendations. Differences in local tax wealth are addressed in these recommendations through the funding of Equalization Grants. These grants are provided to districts in which local property tax revenue per student is below the statewide average.

Based on statewide averages, districts should receive $2,058 in local tax revenue per full-time-equivalent student in fiscal year 1998. However, due to variations in local tax wealth among districts, local revenue available per student varies from $494 per student at Metropolitan Community College to $4,841 per student at Oakton Community College, a difference of $4,347 per student. Funding to bring each district up to the statewide average of $2,058 in local tax revenue per student requires $76.1 million. A total of $58.3 million is recommended for Equalization Grants, an increase of $3.2 million, or 5.8 percent, above fiscal year 1997 appropriations. These recommendations include funds to bring each district with below average local revenue per student up to a total of $1,904 per student, 92.5 percent of the statewide average. In addition, $150,000 are recommended for grants of $50,000 each to three districts that have below average tax wealth per student but do not qualify for regular equalization funding because the district's equalization threshold, while below the state calculated threshold, is above the prorated threshold level.

Small College Grants

The recommendations include $1.9 million allocated to 16 districts with enrollments of less than 2,500 full-time-equivalent students. The Illinois Community College Board identified these districts as less able than larger districts to fund certain fixed institutional costs. Each district will receive a grant of $120,000.

Other Grants

The recommendations include $150,000, the same amount as fiscal year 1997, for Lincoln's Challenge Scholarships. These funds are used to provide scholarships to graduates of the Lincoln Challenge Program for at-risk youth who chose to attend a community college. The recommendations include two initiatives to assist Metropolitan Community College, formerly State Community College. A total of $600,000 is included for the state liability for accumulated vacation and sick leave payouts owed to employees of the former State Community College. A grant of $250,000 is recommended to fund start-up and one-time costs associated with the establishment of Metropolitan Community College. A total of $300,000 is recommended for a grant to the Illinois Occupational Skills Standards Council to defray operating costs of the council.

Illinois Community College Board

A total of $1.9 million is recommended for Illinois Community College Board office operations, an increase of $90,700, or 5.3 percent. The recommendation includes funds for staff compensation increases averaging 3.0 percent and $60,000 for office support. Illinois Community College Board operations also include recommendations of $100,000 for the Illinois Entrepreneurship Institute and $25,000 for the Illinois Occupational Information Coordinating Council.

Table IV – 1

FY1998 RECOMMENDATIONS
COMMUNITY COLLEGE OPERATIONS AND GRANTS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Grants to All Colleges	$ 201,290.0	$ 219,618.7	$ 208,042.6	$ 6,752.6	3.4 %
Credit Hour Grants	166,590.0	174,828.7	169,167.6	2,577.6	1.5
Workforce Preparation Grants	11,150.0	13,300.0	12,075.0	925.0	8.3
Business/Industry Grants	4,650.0	5,250.0	5,250.0	600.0	12.9
Education to Careers Grants	4,500.0	4,725.0	4,725.0	225.0	5.0
Student Support Services Grants	2,000.0	2,100.0	2,100.0	100.0	5.0
Occupational Skills Standards Grants	-0-	1,225.0	-0-	-0-	—
Special Populations Grants	11,700.0	12,300.0	12,300.0	600.0	5.1
Advanced Technology Grants	9,150.0	9,600.0	9,600.0	450.0	4.9
Equipment Grants	4,500.0	4,725.0	4,725.0	225.0	5.0
Technology Grants	4,650.0	4,875.0	4,875.0	225.0	4.8
Retirees Health Insurance Grants	2,700.0	4,505.0	2,900.0	200.0	7.4
Deferred Maintenance Grants	-0-	3,085.0	2,000.0	2,000.0	—
Staff Technical Skills Enhancement Grants	-0-	2,000.0	-0-	-0-	—
Grants to Qualifying Colleges	57,015.1	60,321.8	60,346.5	3,331.4	5.8
Equalization – Threshold Grants	55,095.1	58,251.8	58,276.5	3,181.4	5.8
Equalization – Flat Grants	-0-	150.0	150.0	150.0	—
Small College Grants	1,920.0	1,920.0	1,920.0	-0-	—
Other Grants	450.0	1,300.0	1,300.0	850.0	188.9
Quality Performance Indicators Grants	300.0	-0-	-0-	(300.0)	(100.0)
Lincoln's Challenge Scholarships	150.0	150.0	150.0	-0-	—
New District Development	-0-	250.0	250.0	250.0	—
State Community College Payouts	-0-	600.0	600.0	600.0	—
Occupational Skills Statewide Standards	-0-	300.0	300.0	300.0	—
Illinois Community College Board	1,850.6	2,235.2	1,941.3	90.7	4.9
Office Operations	1,725.6	2,110.2	1,816.3	90.7	5.3
Illinois Entrepreneurship Institute	100.0	100.0	100.0	-0-	—
IOICC	25.0	25.0	25.0	-0-	—
Total	$ 260,605.7	$ 283,475.7	$ 271,630.4	$ 11,024.7	4.2 %
Source of Appropriated Funds					
General Funds	$ 260,605.7	$ 283,475.7	$ 271,630.4	$ 11,024.7	4.2 %
General Revenue Fund	236,816.0	258,734.4	246,889.1	10,073.1	4.3
Education Assistance Fund	23,789.7	24,741.3	24,741.3	951.6	4.0
Average Credit Hour Grant Rate	$27.21	$29.25	$28.30	$1.09	4.0 %
FTE Apportionment Enrollment	204,114	199,277	199,277	(4,837)	(2.4)

Table IV-2

FY1998 RECOMMENDATIONS
CALCULATION OF TOTAL RESOURCE REQUIREMENTS
FOR ILLINOIS COMMUNITY COLLEGES

	Percentage of Total Costs	FY1998 Cost Increases	FY1998 Resource Requirements
Cost Factors			
Staff Compensation	76.90 %	3.00 % *	
Utilities	3.80	3.00	
Library Materials	0.31	5.00	
General Costs	18.99	-0-	
FY1998 Weighted Cost Increase		1.0232	
FY1997 Weighted Cost Increase		x 1.0214	
Two-Year Cost Increase		1.0451	
Instructional Costs			
FY1996 Unit Cost			$ 146.15
Two-Year Cost Increase			x 1.0451
FY1998 Unit Cost			$ 152.74
FY1998 Budgeted Credit Hours			x 5,978,301
FY1998 Instructional Costs			$ 913,125,695
Adjustments to Instructional Resource Requirements			
Special Populations Grants Adjustment			$ (972,770)
Advanced Technology Equipment Grants Adjustment			5,106,070
Workforce Preparation Grants Adjustment			6,588,225
Retirees Health Insurance Grants Adjustment			182,740
Small College Grants Adjustment			979,410
Deferred Maintenance Grants			2,000,000
New District Grant			250,000
Program Priorities in Teaching and Learning (FY1997 Adjustment)			3,500,000
Staff Technical Skills Enhancements			2,000,000
Total Adjustments			$ 19,633,675
FY1998 Total Resource Requirements for Instruction			$ 932,774,620 **
Public Service Costs			
FY1996 Public Service Expenditures			$ 87,169,683
Two-Year Cost Increase			x 1.0451
FY1998 Total Resource Requirements for Public Service			$ 91,101,036
FY1998 Total Resource Requirements			$ 1,023,875,656

* Calculated on 95 percent of the Personal Services Base.
** Includes $15,250 rounding adjustment.

Table IV–3

FY1998 RECOMMENDATIONS
REVENUE SOURCES FOR ILLINOIS COMMUNITY COLLEGES

	Instruction	Support Per Credit Hour	Public Service	Total
Tax Contribution From Local Sources	$ 312,702,545	$ 52.31	$ 14,054,047	$ 326,756,592
Tax Contribution From Equalization Grants	55,913,532	9.35	2,512,968	58,426,500
Corporate Personal Property Replacement Tax	30,000,000	5.02	–0–	30,000,000
Tuition and Fees	203,541,305	34.05	–0–	203,541,305
Miscellaneous Federal, State, and Local Revenues	77,204,638	12.91	74,534,021	151,738,659
SBE DAVTE Grants	27,000,000	4.52	–0–	27,000,000
SBE Adult Education Grants	16,200,000	2.71	–0–	16,200,000
Special Populations Grants	12,300,000	2.06	–0–	12,300,000
Workforce Preparation Grants	12,075,000	2.02	–0–	12,075,000
Advanced Technology Equipment Grants	9,600,000	1.61	–0–	9,600,000
Retirees Health Insurance Grants	2,900,000	0.49	–0–	2,900,000
Deferred Maintenance Grants	2,000,000	0.33	–0–	2,000,000
Credit Hour Grant – Small College Funding	1,920,000	0.32	–0–	1,920,000
New District Development Grant	250,000	0.04	–0–	250,000
Credit Hour Grants	169,167,600	28.30	–0–	169,167,600
Total	$ 932,774,620	$ 156.03	$ 91,101,036	$ 1,023,875,656

Table IV-4

FY1998 RECOMMENDATIONS
CALCULATION OF THE STANDARD LOCAL CONTRIBUTION
FROM TAXES AND TUITION
FOR ILLINOIS COMMUNITY COLLEGES

Local Tax Contribution		
Average 1996/1997 EAV (Base for FY1998 Local Tax Revenue)		$ 167,154,318,383
Weighted Average Tax Rate	x	0.002325
Tax Extension	$	388,633,790
Less		
Equalization Funding	-	58,426,500
	$	330,207,290
Tax Collection Losses	-	3,450,698
Total Standard Local Tax Contribution	$	326,756,592

Tuition and Fee Contribution		
FY1998 Tuition and Fee Rate Per Credit Hour	$	44.04
FY1998 Budgeted Student Credit Hours (Non ABE/ASE)	x	4,734,135
Total Standard Tuition and Fee Revenue	$	208,491,305
Less Unfunded Mandated Tuition Waivers	-	4,950,000
Fiscal Year 1998 Net Tuition Revenue	$	203,541,305
FY1998 Standard Credit Hours (Greater of FY1996 or FY1994/96 Average)	+	4,804,002
FY1998 Standard Tuition and Fee Rate	$	42.37

Table IV-5

FY1998 RECOMMENDATIONS
CREDIT HOUR GRANTS BY CATEGORY
FOR ILLINOIS COMMUNITY COLLEGES

	Baccalaureate	Business Occupational	Technical Occupational	Health Occupational	Remedial/ Developmental	Adult Basic/ Secondary	Total
Unit Cost							
FY1996 Unit Cost	$147.60	$157.87	$181.77	$203.13	$149.91	$101.24	$146.15
Two-Year Cost Increase	1.0451 %	1.0451 %	1.0451 %	1.0451 %	1.0451 %	1.0451 %	1.0451 %
FY1998 Unit Cost	$154.26	$164.99	$189.97	$212.29	$156.67	$105.81	$152.74
Program Priorities							
Statewide Initiatives in Teaching and Learning	$ 0.58	$ 0.58	$ 0.58	$ 0.58	$ 0.58	$ 0.58	$ 0.58
Faculty and Staff Technical Skills Enhancements	0.34	0.34	0.34	0.34	0.34	0.34	0.34
Total Program Improvements	$ 0.92	$ 0.92	$ 0.92	$ 0.92	$ 0.92	$ 0.92	$ 0.92
FY1998 Adjusted Unit Cost	$155.18	$165.91	$190.89	$213.21	$157.59	$106.73	$153.66
Sources of Funding							
Tuition and Fees	$ 42.37	$ 42.37	$ 42.37	$ 42.37	$ 42.37	-0-	$ 34.05
Standard Local Contribution	66.68	66.68	66.68	66.68	66.68	$ 66.68	66.68
SBE Grants	-0-	19.32	19.32	19.32	-0-	13.80	7.23
Other Revenues	17.59	18.81	21.66	24.21	17.86	12.06	17.40
Total Other Sources of Funding	$126.64	$147.18	$150.03	$152.58	$126.91	$ 92.54	$125.36
FY1998 Credit Hour Grant Rates	$ 28.54	$ 18.73	$ 40.86	$ 60.63	$ 30.68	$ 14.19	$ 28.30

Table IV–6

FY1998 RECOMMENDATIONS
ILLINOIS COMMUNITY COLLEGE GRANTS

District Name	FY1997 Grants	FY1998 ICCB Request	FY1998 Recommendations	FY1997 to FY1998 Dollar Change	FY1997 to FY1998 Percent Change
Belleville	$ 12,919,931	$ 13,609,769	$ 13,196,082	$ 276,151	2.1 %
Black Hawk	8,821,192	9,803,615	9,497,658	676,466	7.7
Chicago	54,867,655	56,355,605	54,452,968	(414,687)	(0.8)
Danville	3,813,564	3,908,122	3,749,642	(63,922)	(1.7)
DuPage	13,790,384	14,912,000	14,158,745	368,361	2.7
Elgin	4,691,917	5,210,423	4,902,886	210,969	4.5
Harper	7,560,636	8,195,492	7,712,729	152,093	2.0
Heartland	1,682,175	2,083,307	1,978,600	296,425	17.6
Highland	3,088,573	3,220,633	3,088,158	(415)	—
Illinois Central	8,550,807	9,373,787	8,968,131	417,324	4.9
Illinois Eastern	9,407,968	10,483,040	10,118,987	711,019	7.6
Illinois Valley	2,923,061	3,206,171	3,026,492	103,431	3.5
Joliet	5,720,266	6,466,735	6,111,056	390,790	6.8
Kankakee	5,315,643	6,103,316	5,949,862	634,219	11.9
Kaskaskia	5,090,772	5,497,427	5,331,649	240,877	4.7
Kishwaukee	2,978,101	3,239,497	3,106,168	128,067	4.3
Lake County	5,903,991	6,427,836	6,080,354	176,363	3.0
Lake Land	5,259,389	6,004,186	5,787,678	528,289	10.0
Lewis and Clark	4,039,454	4,491,340	4,294,301	254,847	6.3
Lincoln Land	4,818,344	5,437,171	5,157,928	339,584	7.0
Logan	8,510,363	9,654,095	9,446,678	936,315	11.0
McHenry	2,596,410	3,022,286	2,852,070	255,660	9.8
Moraine Valley	7,536,024	7,955,188	7,538,153	2,129	—
Morton	2,163,780	2,396,959	2,245,196	81,416	3.8
Oakton	6,005,266	6,812,698	6,457,805	452,539	7.5
Parkland	6,661,421	6,933,608	6,621,503	(39,918)	(0.6)
Prairie State	3,135,988	3,623,802	3,418,426	282,438	9.0
Rend Lake	4,994,048	5,596,454	5,432,900	438,852	8.8
Richland	2,288,960	2,430,201	2,295,983	7,023	0.3
Rock Valley	4,464,383	4,887,779	4,607,356	142,973	3.2
Carl Sandburg	2,671,293	3,304,565	3,173,647	502,354	18.8
Sauk Valley	2,540,632	2,687,941	2,548,110	7,478	0.3
Shawnee	3,281,289	3,634,360	3,531,480	250,191	7.6
South Suburban	7,099,445	7,621,213	7,348,601	249,156	3.5
Southeastern	5,034,661	5,491,933	5,354,656	319,995	6.4
Spoon River	2,014,395	2,161,267	2,053,734	39,339	2.0
Metropolitan	2,324,857	2,559,558	2,419,105	94,248	4.1
Triton	8,234,878	9,448,841	8,957,202	722,324	8.8
Waubonsee	3,389,490	3,755,603	3,523,545	134,055	4.0
John Wood	2,112,359	2,233,546	2,141,481	29,122	1.4
Trustees Association	642	1,000	644	2	0.3
Total	$ 258,304,407	$ 280,242,369	$ 268,638,349	$ 10,333,942	4.0 %
Quality Performance Indicators Grants	300,000	-0-	-0-	(300,000)	(100.0)
Lincoln's Challenge Grants	150,000	150,000	150,000	—	—
Occupations Skills Standards	-0-	300,000	300,000	300,000	—
State Community College Payouts	-0-	600,000	600,000	600,000	—
Rounding/Technical Adjustments	693	31	751	58	8.4
Total	$ 258,755,100	$ 281,292,400	$ 269,689,100	$ 10,934,000	4.2 %

Note: FY1998 ICCB Request, by district, includes technical adjustments incorporated after the adoption of the request by the ICCB.

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V. Illinois Student Assistance Commission

The goals and policy recommendations of the Committee to Study Affordability that were adopted by the Board of Higher Education in November 1994 place a high priority on making college affordable. They also recognize the need for improvements in tuition setting practices, providing information to assist students and their families in planning for college costs, and reaffirm the importance of a need-based, student-focused financial aid program to promote student access and choice to diverse programs and institutions.

Fiscal year 1996 and fiscal year 1997 appropriations for student financial aid, based on Board of Higher Education budget recommendations, targeted new resources to address the goals and policy recommendations of the Committee to Study Affordability. Funds were provided for the Monetary Award Program in each year to increase the maximum award and to offset tuition and fee increases at all institutions. Support for Higher EdNet was initiated in fiscal year 1996, providing Illinois residents with a single source for information regarding student financial aid, academic preparation for postsecondary education, school selection, and career planning. A major new initiative, the Illinois Incentive for Access, designed to supplement existing need-based grant programs and improve access and retention for students with no family resources to pay for higher education, was funded for the first-time in fiscal year 1997. The fiscal year 1998 budget recommendations for programs administered by the Illinois Student Assistance Commission build upon these efforts and continue to promote the goals and advance the Board's policies on access and affordability.

Fiscal year 1998 recommendations for grant programs and administration total $335.2 million, an increase of $18.6 million, or 5.9 percent. The recommendation for loan program administration and loan reimbursements is $200.7 million. Recommendations for the Illinois Student Assistance Commission are presented on Table V-1.

Monetary Award Program

The Illinois Monetary Award Program, which provides grants on the basis of financial need to Illinois residents for undergraduate study in the state, is one of the largest programs of its kind in the United States. The fiscal year 1998 recommendation of $283.0 million represents an increase of $18.0 million, or 6.8 percent, over the current year appropriation and supports awards for an estimated 132,000 students. Federal State Student Incentive Grant funds, expected to increase to $2.7 million in fiscal year 1998, are awarded to students through the Monetary Award Program.

Board policies on affordability include a provision that calls for the maximum award to increase annually at a rate that is consistent with reasonable increases in tuition and fees. Accordingly, the fiscal year 1998 budget recommendations include funds to increase the maximum award by $120, or three percent, from $4,000 to $4,120. The maximum award was increased by $300 in fiscal year 1995, after remaining at $3,500 from fiscal year 1990 through fiscal year 1994. Appropriations in fiscal years 1996 and 1997 supported annual increases of $100.

The formula for determining a student's eligibility for a Monetary Award Program grant considers the resources available to a student to attend an institution of higher education as well as the cost of attending such an institution. The fiscal year 1998 budget recommendations recognize the additional funds to be made available to financially needy students through an increase in the federal Pell Grant. The maximum Pell Grant is expected to increase from $2,470 to $2,700 pursuant to funding levels authorized for this program.

The college costs considered in the formula for determining Monetary Award Program eligibility are tuition, fees, and a uniform living allowance for all applicants. The fiscal year 1998 budget recommendations recognize tuition and fee increases of 3.0 percent at community colleges, public universities, and independent institutions. The recommendations contain funds to cover the financial

aid requirements for students enrolled at public universities who will experience tuition and fee increases above 3.0 percent in fiscal year 1998. Budget recommendations for public universities that have adopted tuition and fee increases exceeding 3.0 percent include a base adjustment and a reallocation to the Illinois Student Assistance Commission to offset a portion of the Monetary Award Program costs related to these increases.

The fiscal year 1998 recommendations also include funds for recognizing an increase in the uniform living allowance used in the formula for determining Monetary Award Program eligibility. Funds are included to increase the living allowance by $250 from $4,250 to $4,450. This increase will ensure that students demonstrating the greatest financial need will continue to receive a level of Monetary Award Program support this is consistent with that they would have received if the Pell Grant had remained constant.

Statewide objectives for student financial aid identified by the Committee to Study Affordability included the goal that a wide range of educational opportunities be made available to residents of the state, recognizing the diversity of student goals, educational programs, and institutions. As one of the means to achieve this goal, the Committee recommended that students at degree-granting proprietary institutions should be eligible for a Monetary Award Program grant. The fiscal year 1998 recommendations for the Monetary Award Program include $3.5 million to begin implementation of this recommendation. Funds are included to extend Monetary Award Program eligibility to students attending proprietary institutions that offer degrees approved by the Board of Higher Education and that are accredited by the North Central Association of Colleges and Schools. For fiscal year 1998, first-time freshmen students and transfer students who have an associate degree who demonstrate financial need would be eligible for a Monetary Award Program grant pending statutory authorization.

Monetary Award Program Reserve

Public Act 89-0330 authorized the establishment of a Monetary Award Program Reserve Fund in the State Treasury. The reserve is limited to two percent of the annual Monetary Award Program appropriation. Monies deposited in the reserve fund may only be used for making Monetary Award Program grants. The fiscal year 1998 recommendations include $2.0 million in spending authority for the Monetary Award Program Reserve, allowing for unexpended funds of up to $2.0 million from the fiscal year 1998 appropriation for the Monetary Award Program to be deposited into the reserve.

Other Grant and Scholarship Programs: State Funds

In addition to the Monetary Award Program, the Illinois Student Assistance Commission administers several other student aid programs. Some of these programs provide assistance to students based on financial need. Other programs provide financial aid based on a student's academic performance, participation in the armed forces, intention to pursue a career in teaching, or other criteria.

Veteran Grants. The Veteran Grant Program provides eligible veterans with grants equal to tuition and mandatory fees at Illinois public universities and community colleges. Illinois residents who return to the state within six months of leaving the Armed Forces of the United States are eligible to receive grants equivalent to four years of full-time study at the undergraduate or graduate level. Applicants are not required to demonstrate financial need. The Veteran Grant is an entitlement; public universities and community colleges are required to waive any portion of a recipient's tuition and fees that are not paid through this grant program. The fiscal year 1998 recommendation for the Veteran Grant Program totals $21.8 million, the estimated amount needed to fully fund program requirements.

Illinois Incentive for Access Grants. Public Act 89-0512 authorized the creation of a new program, the Illinois Incentive for Access, designed to direct additional grant aid to students classified

as freshmen with no family resources to pay for college. The program provides one-time grants of $500 to freshmen students, supplementing existing need-based grant programs. A total of $9.0 million was appropriated to provide grants to an estimated 23,000 students in fiscal year 1997. Funding of $9.0 million is recommended for the Illinois Incentive for Access program in fiscal year 1998.

Higher Education License Plate Grants. Public Act 89-0424 authorizes the issuance of specialized collegiate license plates for public universities, community colleges, and independent institutions. A portion of the revenues derived from the sale of such plates is dedicated for student financial aid. Public universities and community colleges will administer their own scholarship program using the funds generated by the sale of plates for their respective institution. The Illinois Student Assistance Commission is designated by Public Act 89-0424 as the administrative entity for distributing the revenue generated by license plate sales on behalf of independent institutions.

Fee revenues generated from the sale of collegiate license plates for independent institutions will be deposited into a special fund in the State Treasury, the University Grant Fund, and used to provide financial aid grants to students attending independent institutions. Eligibility for the grants, which can be used to pay tuition and fees up to a maximum of $2,000, is based on financial need. Funds must be used to support students who attend the institutions which generate the license plate revenue. The fiscal year 1998 recommendation for the Higher Education License Plate program is $1.0 million.

Merit Recognition Scholarships. Fiscal year 1998 recommendations include $2.2 million for the Merit Recognition Scholarship Program that provides one-time $1,000 scholarships for Illinois students who attend an Illinois college or university and who graduated in the top 2.5 percent of their high school class. An additional $2.0 million would be required to fully fund the program and provide awards to the top five percent of high school graduates, as statutorily authorized.

National Guard Scholarships. The National Guard Scholarship Program provides awards for tuition and fees at Illinois public universities and community colleges to individuals who have served at least one year in the National Guard or Naval Militia. The National Guard Scholarship is an entitlement; public universities and community colleges are required to waive any portion of a recipient's tuition and fees that are not paid by this program. Recommended funding for the National Guard Scholarship program in fiscal year 1998 is $3.9 million, representing an increase of $119,700, or 3.1 percent.

Minority Teachers of Illinois Scholarships. A total of $2.1 million is recommended for Minority Teachers of Illinois Scholarship program for fiscal year 1998, an increase of $150,000 over the fiscal year 1997 appropriation. This program is designed to increase the number of African American, Hispanic or Latino, Native American, and Asian teachers in Illinois elementary and secondary schools. Recipients must be at the sophomore level or above and agree to teach in Illinois schools with at least 30 percent minority enrollment upon completion of their program. The fiscal year 1998 recommendation will provide at least 420 awards, based on the statutory maximum of $5,000 per student per year.

DeBolt Teacher Education Grants. The fiscal year 1998 recommendation for the DeBolt Teacher Education Grant program is $1.3 million, the same as the current year appropriation. Under this program, grants of up to $5,000 are made to academically talented students to pursue public school teaching careers in disciplines designated by the State Board of Education as teacher shortage areas.

Student-to-Student Grants. The Student-to-Student Grant program is a campus-based program for public university and community college students who have financial need not met by other programs. Eleven institutions currently participate in this program that allows for grants of up to $1,000. Voluntary student fee contributions to this program are matched by state funds. A total of

$1.0 million is recommended for the Student-to-Student Grant Program in fiscal year 1998. The recommendation reflects an increase of $100,000, or 11.1 percent, over the current year appropriation.

College Savings Bond Grants. A total of $440,000 is included in the recommendation for Illinois College Savings Bond grants. When the proceeds of College Savings Bonds are used to pay for educational expenses at Illinois colleges and universities, bondholders are entitled to incentive grants equal to $20 for each year of the bond's term of maturity.

Descendants Grants. Other aid programs administered by the Commission include financial assistance to students who are dependents of fire fighters, police officers, or correctional officers killed or permanently disabled in the line of duty. Recommended funding for fiscal year 1998 totals $97,900.

Other Grant and Scholarship Programs: Federal Funds

The Robert Byrd Honors Scholarships Program provides awards of $1,500 to Illinois high school graduates who graduate in the top two percent of their high school class, earned at least a 3.8 cumulative grade point average on a 4.0 scale, or earned at least a 27 ACT composite score. The recommended funding level for this program in fiscal year 1998 is $1.8 million.

Higher EdNet

The recommendations include $235,000 to support operation of the Higher EdNet, a financial aid clearinghouse. Higher EdNet provides Illinois residents with a single source for information regarding student financial aid, academic preparation for postsecondary education, school selection, and career planning. The Commission has processed over 12,000 applications since the service became operational in November 1995, and has initiated a program providing on-line access to the service, free of charge, to high schools, colleges, universities, and libraries.

Program Administration

A total of $5.2 million, an increase of 4.0 percent, is recommended for the administration of Illinois Student Assistance Commission programs during fiscal year 1998. This recommendation includes funds for an average 3.0 percent salary increase, calculated on 95 percent of the personal services base, and additional $133,400 for electronic data processing and continued system integration and development.

Loan Program Administration and Loan Reimbursements

The Illinois Student Assistance Commission administers federal guaranteed student loan programs for Illinois resident students enrolled in institutions within Illinois and in other states. These programs facilitate student borrowing from commercial financial institutions and provide lenders with numerous support services.

The fiscal year 1998 budget recommendations include appropriations for loan reimbursements and loan program administration from the Student Loan Fund. Disbursements from the fund are made to commercial lending institutions claiming defaults on guaranteed loans. Student Loan Fund revenues are derived from the federal government as reimbursement for loans in default and from loan collections. A total of $174.2 million for loan reimbursements, an amount equal to the fiscal year 1997 appropriation, is recommended.

The recommendation for loan program administration totals $26.5 million, an increase of $547,300, or 2.1 percent, over fiscal year 1997 appropriations. This funding level supports salary increases for staff and additional funding for electronic data processing support.

Table V–1

FY1998 RECOMMENDATIONS
ILLINOIS STUDENT ASSISTANCE COMMISSION

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Monetary Award Program	$ 265,007.5	$ 296,848.6	$ 282,965.0	$ 17,957.5	6.8 %
Monetary Award Program Reserve	2,000.0	2,000.0	2,000.0	-0-	—
Other Grant and Scholarship Programs (State Funded)	41,465.8	46,790.0	42,903.4	1,437.6	3.5
Veteran Grant Program	21,800.0	23,000.0	21,800.0	-0-	—
Illinois Incentive for Access Grants	9,000.0	9,000.0	9,000.0	-0-	—
Higher Education License Plate Grants (HELP)	-0-	1,000.0	1,000.0	1,000.0	—
Merit Recognition Scholarships	2,200.0	4,200.0	2,200.0	-0-	—
National Guard Scholarships	3,800.0	4,000.0	3,919.7	119.7	3.1
Minority Teachers of Illinois Scholarships	1,950.0	2,450.0	2,100.0	150.0	7.7
DeBolt Teacher Education Grants	1,345.8	1,500.0	1,345.8	-0-	—
Student–to–Student Grants	900.0	1,100.0	1,000.0	100.0	11.1
College Savings Bond Grants	375.0	440.0	440.0	65.0	17.3
Descendants' Grants	95.0	100.0	97.9	2.9	3.1
Other Grant and Scholarship Programs (Federally Funded)	2,750.0	1,750.0	1,750.0	(1,000.0)	(36.4)
Douglas Teacher Grants	1,000.0	-0-	-0-	(1,000.0)	(100.0)
Robert Byrd Honors Scholarships	1,750.0	1,750.0	1,750.0	-0-	—
Administration	5,403.4	5,690.2	5,587.3	183.9	3.4
General Funds Program Administration	5,003.4	5,305.2	5,202.3	198.9	4.0
Higher EdNet Clearinghouse	250.0	235.0	235.0	(15.0)	(6.0)
Collections Activities	150.0	150.0	150.0	-0-	—
Total, Grant Programs and Administration	$ 316,626.7	$ 353,078.8	$ 335,205.7	$ 18,579.0	5.9 %
Loan Program Administration and Loan Reimbursements	200,200.0	200,747.3	200,747.3	547.3	0.3
Total	$ 516,826.7	$ 553,826.1	$ 535,953.0	$ 19,126.3	3.7 %
Source of Appropriated Funds					
General Funds	$ 309,026.7	$ 348,078.8	$ 327,505.7	$ 18,479.0	6.0 %
General Revenue Fund	252,292.9	289,075.6	268,502.5	16,209.6	6.4
Education Assistance Fund	56,733.8	59,003.2	59,003.2	2,269.4	4.0
Federal Funds	5,350.0	1,750.0	4,450.0	(900.0)	(16.8)
Student Loan Fund	200,200.0	200,747.3	200,747.3	547.3	0.3
Monetary Award Program Reserve Fund	2,000.0	2,000.0	2,000.0	-0-	—
Other State Funds	250.0	1,250.0	1,250.0	1,000.0	400.0

VI. Grant Programs

The Board of Higher Education administers several state and federally funded grant programs, including financial assistance for nonpublic institutions, health education grants, and institutional grants. Tables VI-1 through VI-3 summarize fiscal year 1998 recommendations for each program.

Financial Assistance Act For Nonpublic Institutions of Higher Learning

The state of Illinois continues to acknowledge the valuable and important role independent colleges and universities play in contributing to the diversity, comprehensiveness, and excellence of Illinois' higher education system. Data from the Board of Higher Education's Preliminary 1996 Fall Enrollment Survey shows that enrollment at independent institutions accounted for nearly 27 percent of the total fall 1996 headcount enrollment in Illinois. Independent colleges and universities provide instruction in almost every discipline and award approximately 41 percent of bachelor's degrees, 56 percent of masters degrees, and 64 percent of first professional and doctorate degrees.

The state of Illinois and the Board of Higher Education recognize that independent colleges and universities must meet the challenge of managing the same increases in the costs of salaries, goods and services, and facilities maintenance as their counterparts in the public sector. State and federal government grant programs are important sources for addressing these increasing costs. The Financial Assistance Act for Nonpublic Institutions of Higher Learning provides direct grants to colleges and universities based on the enrollment of Illinois residents in undergraduate programs to assist them in responding to state priorities including: preparing Illinois' workforce, strengthening the quality of undergraduate education, enhancing the use of technology, and improving student access and affordability.

The fiscal year 1998 recommendation for Financial Assistance Act grants is displayed on Table VI-1. A total of $19.3 million is recommended for fiscal year 1998, an increase of $561,500, or 3.0 percent, over fiscal year 1997 appropriations.

Health Education Grants

Recommendations for fiscal year 1998 health education grants include funding for awards under both the Health Services Education Grants Act and the Family Practice Residency Act. Health education grants assist institutions in meeting the high cost of health education programs while assuring that the state of Illinois has an adequate supply of health professionals. In addition, health education grants assist institutions and the state of Illinois in providing health professionals for underserved geographic areas and in improving opportunities for students, particularly minority students, to pursue careers in the health professions. Funding recommendations for fiscal year 1998 are displayed on Table VI-2.

Health Services Education Grants

The Health Services Education Grants Act authorizes the appropriation of funds to the Board of Higher Education for allocation to institutions offering programs that educate and train health professionals. In accordance with the provisions of the Act, grants are based on the number of Illinois residents enrolled in such programs.

A total of $18.4 million is recommended for grants under this Act. These recommendations provide funding for medical, dental, optometric, podiatric, pharmacy, allied health, nursing, and medical residency programs. Included within the allied health category are grants for physician assistant programs.

These recommendations reflect policy changes adopted by the Board in *Policy Recommendations for Health Professions Education* in September 1993. A total of $1.5 million is provided to support minority students' participation in health education programs. The recommendations continue to implement the Board's priority of direct primary care. Residency program grants are recommended to increase by $423,500, to $2.5 million. Grants for residency programs are limited to residencies in family practice and obstetrics/gynecology. Enrollments in hospital residency programs affiliated with public and nonpublic schools of medicine are eligible for funding.

These recommendations provide funding at 93.0 percent of the maximum grant rates, based on projected fall 1997 program enrollments. This proration level applies to all categories of health education programs except residency programs, which are recommended at 75.0 percent of the maximum grant rate.

Medical Scholarship Program

The Family Practice Residency Act authorizes the Illinois Department of Public Health to award scholarships to Illinois residents who are attending Illinois medical schools and who, in return for such scholarships, agree to practice in those areas of the state demonstrating the greatest need for medical care. Financial need and willingness to complete the residency requirement in a medical shortage area are among the factors considered by the Department in awarding these scholarships that provide both tuition and a stipend for living expenses. Minority students have received a significant proportion of these scholarships. Fiscal year 1998 recommendations provide $3.4 million for this scholarship program.

Institutional Grant Programs

A total of $30.1 million, an increase of $5.6 million, is recommended for institutional grant programs in fiscal year 1998. This recommendation includes $17.3 million for grants under the Higher Education Cooperation Act, $2.7 million for the Engineering Equipment Grant program, $1.5 million for the Consortium for Educational Opportunity Act, $1.7 million for the Cooperative Work Study Program, and $4.0 million for the National Center for Supercomputing Applications. In addition, $2.9 million in federal funding will be provided for Dwight D. Eisenhower Professional Development Program grants. Funding recommendations for fiscal year 1998 are displayed on Table VI-3.

The Higher Education Cooperation Act

The Higher Education Cooperation Act (HECA) provides funds to support interinstitutional cooperation within higher education. Since its inception, the HECA grant program has been vital in extending educational opportunities throughout the state and promoting more effective uses of resources through cooperative programs. The Act stipulates that projects shall involve at least two higher education institutions. A total of $17.3 million, an increase of $1.7 million, is recommended in fiscal year 1998 for Higher Education Cooperation Act grants in the program areas discussed below.

Interinstitutional Grants. Interinstitutional grants are awarded to cooperating institutions on a competitive basis. The objectives of the grants are to encourage interinstitutional cooperation with the involvement of local communities, to achieve an effective use of educational resources, to extend access to educational services throughout the state, and to develop innovative approaches for delivering educational services. The fiscal year 1998 recommendations include $2.5 million for interinstitutional grants. The recommendations will support programs designed to strengthen school/college partnerships, expand educational programs for place-bound students, enhance academic program articulation, and provide staff development programs.

Minority Educational Achievement Grants. The fiscal year 1998 HECA recommendation includes $5.3 million for minority educational achievement grants provided to consortia of higher education institutions, elementary/secondary schools, community organizations, and other cooperative efforts of higher education institutions with the objectives of motivating elementary and secondary students to pursue higher education, enhancing academic skills in basic subject areas, improving college retention rates, and strengthening the student pipeline for professional school programs. The programs funded through these grants serve a wide range of student age groups from the early elementary school levels through graduate/professional school.

Minority Articulation Program Grants. Funds totaling $2.5 million are recommended to support efforts to improve the transfer rate of minority students from community colleges to baccalaureate institutions. This recommendation will continue the support for a network of transfer centers aimed at minority students on community college campuses. Minority Articulation Program grants also encompass faculty/staff development initiatives designed to improve the social and academic climate for minority students and bring together faculty from community colleges and universities to develop course and program articulation agreements to facilitate student transfer.

Quad-Cities Graduate Study Center. The Quad-Cities Graduate Study Center is a cooperative regional academic center that receives support from both Illinois and Iowa and involves public and private institutions from both states. Graduate instruction is scheduled at the Center on a regular basis for residents of the Quad-Cities metropolitan area that includes Rock Island and Moline, Illinois, and Davenport and Bettendorf, Iowa. The Illinois appropriation to the Center is matched by a similar appropriation from the state of Iowa. A total of $175,000 is recommended for the Quad-Cities Graduate Study Center in fiscal year 1998.

Library Resource Sharing. Library resource sharing grants extend the use of college and university library collections and offset the cost of new acquisitions by supporting cooperative borrowing, lending, and the management of materials among Illinois libraries. Library resource sharing grants target technology advances, providing resources to upgrade the computer system design and capacity of ILLINET Online, a statewide resource sharing network, and support the acquisition of computer hardware and barcoding technologies. In addition, the grants support cooperative collection management activities and provide access to electronic data bases for community college libraries; and help libraries collaboratively set priorities for accessing bibliographic data bases, acquiring new library materials, and managing existing collections. A total of $1.4 million is recommended in fiscal year 1998.

Economic Development Grants. Economic development grants support a variety of economic development initiatives aimed at both Illinois colleges and universities and Illinois businesses. The grants assist in implementing Board of Higher Education policies with regard to technology and workforce preparation by supporting the 10 regional consortia. The regional consortia address high priority educational needs, make recommendations on regional programmatic priorities, and use telecommunications technologies to expand the delivery of instruction. The grants assist small and medium sized companies in employing advanced manufacturing technologies and strategies; expand delivery of science, engineering, and technology programs; expand cooperative efforts of colleges, universities, and high schools in the use of technology; and provide assistance for new workforce training initiatives. A total of $3.5 million is recommended in fiscal year 1998 for Economic Development Grants.

Fiscal year 1998 funds will be used to link the telecommunications initiatives and other economic development efforts of Illinois colleges and universities through the regional consortia and to capitalize on the special capabilities and geographical advantages of the state's system of community colleges. The 10 regional consortia support training and professional development opportunities in all areas of the state by carrying out needs assessments and developing plans to focus resources on educational priorities. Consortia also make available shared academic support resources used

cooperatively by colleges and universities in the delivery of upper-division and graduate degree programs, continuing education seminars, and workshops. In addition, consortia are continuing to make use of local, regional, and statewide telecommunications services to extend distance learning opportunities.

Advanced Photon Source - Argonne National Laboratory. Fiscal year 1998 recommendations include $2.0 million to support university research activities related to Argonne National Laboratory's Advanced Photon Source (APS), the same level of funding as fiscal year 1997. Six Illinois universities are members of collaborative teams proposing and conducting experiments at the APS at Argonne National Laboratory. The APS is a national synchrotron radiation research facility funded by the United States Department of Energy. Grant funds are used to design, construct, and install x-ray beam lines for conducting advanced x-ray research and its application to problems in materials science, chemistry, geophysics, and structural biology. The APS became fully operational during fiscal year 1997.

Engineering Equipment Grant Program

A total of $2.7 million is recommended in fiscal year 1998 to acquire state-of-the-art equipment for engineering programs. Distribution of these grants is based on the number of engineering degrees awarded by public and private institutions offering accredited engineering programs. This recommendation will support 2,478 projected engineering degrees in fiscal year 1998 at a prorated grant rate of $1,090. The statutorily authorized maximum grant rate is $1,200 per engineering degree awarded. The grants must be matched by funds from private sources.

Consortium for Educational Opportunity Act

A total of $1.5 million is recommended in fiscal year 1998 for the Consortium for Educational Opportunity Act. The Act authorizes financial assistance to encourage minority students to enroll in and complete graduate degree programs. The Act provides for maximum awards of $10,000 per year for up to four years.

To be eligible, a student must be an Illinois resident who is unable to pursue a graduate or professional degree without an award. Award recipients must agree to accept a position at an Illinois higher education institution, or in an education-related function at a state agency, upon completion of the degree. Currently, 34 public and private Illinois institutions that grant postbaccalaureate degrees participate in the program. A total of 146 individuals--121 African-American, 20 Hispanic, two Asian, and three Native American students--received support from fiscal year 1997 funds.

Cooperative Work Study Program

The Illinois Cooperative Work Study Program Act authorizes the Board of Higher Education to award grants to public and nonpublic institutions of higher education to support student cooperative work study programs. The program plays an important role in carrying out the Board's workforce preparation policies. The Act stipulates that grants should support cooperative work study programs that benefit students academically and financially, reduce reliance on loans, enhance public-private sector partnerships, and encourage students to seek permanent employment in Illinois. Fiscal year 1998 recommendations for this program total $1.7 million, an increase of $200,000, or 13.3 percent.

National Center for Supercomputing Applications

The National Center for Supercomputing Applications (NCSA) is a scientific research center and national service facility located on the campus of the University of Illinois at Urbana-Champaign. Originally founded as a research center for supercomputing applications in the fields of physics,

chemistry, materials science, and astrophysics, NCSA has grown to encompass research in areas such as commercial and financial databases and networked World Wide Web multimedia asset management. The Center also provides education outreach and support to schools and universities. The NCSA is funded jointly through resources from the University of Illinois, the state of Illinois, the National Science Foundation, corporate partners, and other federal agencies. Incremental funding of $4.0 million is recommended for fiscal year 1998 to increase total state funding to $8.0 million as a matching requirement for the National Science Foundation's new program, Partnership for Advanced Computational Infrastructure.

Dwight D. Eisenhower Mathematics Professional Development Program

Federal Dwight D. Eisenhower Professional Development Program grants provide funding for the improvement of mathematics and science education in elementary and secondary schools. The Board of Higher Education is responsible for the distribution of federal funds made available for higher education programs. These funds support professional development, retraining, and in-service programs offered by colleges and universities for elementary and secondary school teachers of mathematics and science. The projects are developed and implemented in cooperation with local school districts to meet needs defined by the districts. In fiscal year 1998, spending authority of $2.9 million is recommended for this program.

Table VI – 1

FY1998 RECOMMENDATIONS
FINANCIAL ASSISTANCE TO NONPUBLIC INSTITUTIONS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Illinois Financial Assistance Act for Nonpublic Institutions of Higher Learning	$ 18,715.1	$ 19,276.6	$ 19,276.6	$ 561.5	3.0 %
Total	$ 18,715.1	$ 19,276.6	$ 19,276.6	$ 561.5	3.0 %
Source of Appropriated Funds					
General Funds	$ 18,715.1	$ 19,276.6	$ 19,276.6	$ 561.5	3.0 %
General Revenue Fund	15,105.7	15,522.8	15,522.8	417.1	2.8
Education Assistance Fund	3,609.4	3,753.8	3,753.8	144.4	4.0

Table VI–2

FY1998 RECOMMENDATIONS
HEALTH EDUCATION GRANTS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Health Services Education Grants Act	$ 17,066.4	$ 18,265.7	$ 18,427.5	$ 1,361.1	8.0 %
Medical	8,231.0	8,642.6	9,115.0	884.0	10.7
Dental	221.2	232.3	188.8	(32.4)	(14.6)
Optometric	206.6	216.9	216.8	10.2	4.9
Podiatric	204.6	214.8	198.4	(6.2)	(3.0)
Pharmacy	596.0	625.8	675.2	79.2	13.3
Allied Health	1,605.0	1,685.3	1,606.2	1.2	0.1
Nursing	3,950.5	4,148.0	3,952.1	1.6	0.0
Residency Programs	2,051.5	2,500.0	2,475.0	423.5	20.6
Medical Scholarship Program/IDPH *	3,445.0	3,617.3	3,445.0	-0-	—
Total	$ 20,511.4	$ 21,883.0	$ 21,872.5	$ 1,361.1	6.6 %
Source of Appropriated Funds					
General Funds	$ 20,511.4	$ 21,883.0	$ 21,872.5	$ 1,361.1	6.6 %
General Revenue Fund	18,480.0	19,770.3	19,759.8	1,279.8	6.9
Education Assistance Fund	2,031.4	2,112.7	2,112.7	81.3	4.0

* Appropriated to the Illinois Department of Public Health (IDPH).

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Table VI–3

FY1998 RECOMMENDATIONS
INSTITUTIONAL GRANT PROGRAMS

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Higher Education Cooperation Act	$ 15,668.9	$ 17,570.0	$ 17,325.0	$ 1,656.1	10.6 %
Interinstitutional Grants	1,800.0	2,300.0	2,450.0	650.0	36.1
Minority Educational Achievement	5,000.0	5,500.0	5,300.0	300.0	6.0
Minority Articulation Programs	2,400.0	2,500.0	2,500.0	100.0	4.2
Quad Cities Graduate Study Center	168.9	170.0	175.0	6.1	3.6
Library Resource Sharing Project	1,200.0	1,400.0	1,400.0	200.0	16.7
Economic Development	3,100.0	3,700.0	3,500.0	400.0	12.9
Advanced Photon Source – Argonne National Laboratory	2,000.0	2,000.0	2,000.0	–0–	—
Other Grant Programs	8,900.0	8,900.0	12,800.0	3,900.0	43.8
Engineering Equipment Grants	2,600.0	2,800.0	2,700.0	100.0	3.8
Consortium for Educational Opportunity Act	1,400.0	1,500.0	1,500.0	100.0	7.1
Cooperative Work Study Program	1,500.0	1,700.0	1,700.0	200.0	13.3
National Center for Supercomputing Applications	–0–	–0–	4,000.0	4,000.0	—
Designated Grants	500.0 •	–0–	–0–	(500.0)	—
Dwight D. Eisenhower Professional Development Program Grants	2,900.0	2,900.0	2,900.0	–0–	—
Total	$ 24,568.9	$ 26,470.0	$ 30,125.0	$ 5,556.1	22.6 %
Sources of Appropriated Funds					
General Funds	$ 21,668.9	$ 23,570.0	$ 27,225.0	$ 5,556.1	25.6 %
General Revenue Fund	17,809.0	19,555.7	23,210.7	5,401.7	30.3
Education Assistance Fund	3,859.9	4,014.3	4,014.3	154.4	4.0
Higher Education Title II Fund	2,900.0	2,900.0	2,900.0	–0–	—

• Appropriated to the Board of Higher Education for a grant to Elmhurst College for educational facilities and program improvements.

Illinois Mathematics and Science Academy

The Illinois Mathematics and Science Academy is a residential institution for sophomore, junior, and senior high school students who are gifted in the fields of mathematics and science. The mission of the Academy is twofold: to offer a full curriculum and challenging educational experiences for its students and to promote excellence and provide service to all Illinois educators with programs aimed at improving instruction and curricula in mathematics, science, and technology.

The fiscal year 1998 recommendation for the Illinois Mathematics and Science Academy operations totals $14.0 million, an increase of $654,700, or 4.9 percent, above fiscal year 1997 appropriations. The recommendation provides for an average 3.0 percent increase for faculty and staff salaries, calculated on 95 percent of the personal services base, and a 3.0 percent increase in Medicare costs. The recommendation also includes $75,000 in increased program support for statewide partnership activities to improve mathematics and science curricula across the state, $50,000 for continuing support for the Academy's technology programs, $45,000 for new equipment, $55,000 for additional computer support personnel, and $150,000 for deferred maintenance.

Fiscal year 1998 recommendations for the Academy are displayed on Table VII-1.

State Universities Civil Service System

The State Universities Civil Service System provides a program of personnel administration for state universities and higher education agencies. Created as a separate entity of the state of Illinois, the State Universities Civil Service System is under the control of the University Civil Service Merit Board. All appointments and promotions for state universities and higher education agencies, with the exception of faculty, administrative, and student employees, are made based on examinations administered by the System. Included in the powers and duties of the Merit Board are approval of classification plans, prescription of ranges of compensation, provision of standards of examination, and recruitment of personnel.

A total of $1.2 million is recommended for fiscal year 1998 for the State University Civil Service System, an increase of $47,100, or 4.1 percent, over fiscal year 1997 appropriations. This recommendation is based on the same budget decision guidelines used for all higher education institutions and agencies. The recommendation includes a salary increase of 3.0 percent, calculated on 95 percent of the personal services base, and a 3.0 percent increase in Medicare costs. Additional funding of $25,000 is provided for office support.

The fiscal year 1998 recommendation for the State Universities Civil Service System is displayed on Table VII-2.

Board of Higher Education

A total of $2.5 million is recommended for fiscal year 1998 for Board of Higher Education office operations. This recommendation is an increase of $95,600, or 3.9 percent, over fiscal year 1997 appropriations. Included in the recommendation are funds for an average salary increase of 3.0 percent, calculated on 95 percent of the personal services base, and a 3.0 percent increase in Medicare costs. An additional $45,000 is recommended for increased office support.

The fiscal year 1998 recommendation for Board of Higher Education office operations is displayed on Table VII-3.

State Universities Retirement System

The State Universities Retirement System administrators retirement annuities and other benefits, including death, disability, and survivors benefits, for employees of state universities, community colleges, and higher education agencies.

Public Act 88-0593, enacted in 1994, revised the minimum annual state contribution to the State Universities Retirement System and four other state supported retirement systems. The Act requires the minimum contribution to be an amount that, when added to other sources of employer contributions, is sufficient to meet the normal cost of maintaining the system and increase the funding ratio to 90 percent over 50 years. The statute provides for a fifteen-year phase-in of this funding requirement beginning in fiscal year 1996. Annually, the State Universities Retirement System is to certify by November 15 the amount necessary to meet this statutory requirement, and this amount is to be appropriated without any further action required by the General Assembly and Governor.

The fiscal year 1998 recommendations on Table VII-4 reflect the amount certified by the State Universities Retirement System. The recommended appropriation totals $201.6 million, an increase of $42.1 million, or 26.4 percent, over fiscal year 1997 appropriations. Based on the System's actuarial projections, estimated funding requirements for the next four years and the associated annual increase pursuant to Public Act 88-0593 are listed below.

(in millions)

	FY1998	FY1999	FY2000	FY2001	FY2002
Funding Requirements *	$221.6	$267.2	$316.4	$369.7	$427.0
Change from Prior Year	42.1	45.6	49.2	53.3	57.3

* The funding requirements in fiscal year 1998 and the out-year estimates include contributions for employees paid from nonappropriated federal grants and contracts and trust funds. The state appropriations requirement for fiscal year 1998 is $201.6 million, excluding $20.0 million for employees paid from nonappropriated funds.

The fiscal year 1998 requirement certified by the State Universities Retirement System and the out-year projections outlined above were based on actuarial assumptions in place on the certification date. The System since has adopted revised actuarial assumptions that will decrease the funding requirements beginning in fiscal year 1999. The changes in assumptions include a reduction in the salary growth assumption from seven percent to five percent and an increase in the interest rate assumption from eight to 8.5 percent. Future year requirements will be further reduced upon implementation of the Governmental Accounting Standard Board's requirement that the method for accounting for system assets be based on market value as opposed to book value beginning July 1, 1997.

Table VII-1

FY1998 RECOMMENDATIONS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Illinois Mathematics and Science Academy	$ 13,367.8	$ 15,269.8	$ 14,022.5	$ 654.7	4.9 %
Total	$ 13,367.8	$ 15,269.8	$ 14,022.5	$ 654.7	4.9 %
Sources of Appropriated Funds					
General Funds	$ 12,867.8	$ 14,769.8	$ 13,522.5	$ 654.7	5.1 %
General Revenue Fund	12,094.3	13,965.4	12,718.1	623.8	5.2
Education Assistance Fund	773.5	804.4	804.4	30.9	4.0
Illinois Mathematics and Science Academy Income Fund	500.0	500.0	500.0	-0-	—

Table VII-2

FY1998 RECOMMENDATIONS
STATE UNIVERSITIES CIVIL SERVICE SYSTEM

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Office Operations	$ 1,144.9	$ 1,488.5	$ 1,192.0	$ 47.1	4.1 %
Total	$ 1,144.9	$ 1,488.5	$ 1,192.0	$ 47.1	4.1 %
Source of Appropriated Funds					
General Funds	$ 1,144.9	$ 1,488.5	$ 1,192.0	$ 47.1	4.1 %
General Revenue Fund	1,056.4	1,396.5	1,100.0	43.6	4.1
Education Assistance Fund	88.5	92.0	92.0	3.5	4.0

Table VII-3

FY1998 RECOMMENDATIONS
BOARD OF HIGHER EDUCATION

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Office Operations	$ 2,452.6	$ 2,569.5	$ 2,548.2	$ 95.6	3.9 %
Total	$ 2,452.6	$ 2,569.5	$ 2,548.2	$ 95.6	3.9 %
Source of Appropriated Funds					
General Funds	$ 2,395.6	$ 2,512.5	$ 2,491.2	$ 95.6	4.0 %
General Revenue Fund	2,235.3	2,345.8	2,324.5	89.2	4.0
Education Assistance Fund	160.3	166.7	166.7	6.4	4.0
Higher Education Title II Fund	57.0	57.0	57.0	-0-	—

Table VII–4

FY1998 RECOMMENDATIONS
STATE UNIVERSITIES RETIREMENT SYSTEM

(in thousands of dollars)

Resource Requirements	FY1997 Appropriations	FY1998 Requests	FY1998 Recommendations	Increase Over FY1997	Percent Increase Over FY1997
Retirement Contributions	$ 159,547.0	$ 201,624.0	$ 201,624.0	$ 42,077.0	26.4 %
Total	$ 159,547.0	$ 201,624.0	$ 201,624.0	$ 42,077.0	26.4 %
Source of Appropriated Funds					
General Funds	$ 146,515.6	$ 188,592.6	$ 188,592.6	$ 42,077.0	28.7 %
General Revenue Fund	146,515.6	188,592.6	188,592.6	42,077.0	28.7
State Pensions Fund	13,031.4	13,031.4	13,031.4	-0-	—

APPENDIX

RELATED HIGHER EDUCATION DATA

Table A-1

GENERAL FUNDS EXPENDITURES BY SECTOR
(EXCLUDING GRF INCOME TAX REFUNDS)
FISCAL YEAR 1970 – FISCAL YEAR 1997 (APPROPRIATIONS)

(in millions of dollars)

Fiscal Year		Elementary and Secondary Education	Higher Education	Education Total	Public Aid	Mental Health, DCFS, and Corrections	All Other	State Total
1970	Expenditures	$ 783.9	$ 429.9	$ 1,213.8	$ 651.8	$ 309.1	$ 269.1	$ 2,443.8
	% of Total	32.1 %	17.6 %	49.7 %	26.7 %	12.6 %	11.0 %	100.0 %
1980	Expenditures	2,044.5	917.4	2,961.9	2,346.1	738.0	706.8	6,752.8
	% of Total	30.3	13.6	43.9	34.7	10.9	10.5	100.0
1990	Expenditures	3,302.0	1,614.6	4,916.6	3,780.9	1,593.7	1,860.8	12,152.0
	% of Total	27.2	13.3	40.5	31.1	13.1	15.3	100.0
1993	Expenditures	3,331.1	1,590.6	4,921.7	4,530.6	2,018.4	1,853.8	13,324.5
	% of Total	25.0	11.9	36.9	34.0	15.1	13.9	100.0
1995	Expenditures	3,660.0	1,744.9	5,404.9	5,541.5	2,477.7	2,083.8	15,507.9
	% of Total	23.6	11.3	34.9	35.7	16.0	13.4	100.0
1996	Expenditures	3,879.7	1,838.8	5,718.5	5,509.3	3,015.7	2,076.0	16,319.5
	% of Total	23.8	11.3	35.0	33.8	18.5	12.7	100.0
1997	Appropriations	4,173.7	1,955.9	6,129.6	5,347.3	3,257.4	2,466.5	17,200.8
	% of Total	24.3	11.4	35.6	31.1	18.9	14.3	100.0
FY1980 – FY1997 Appropriations								
	$ Change	$ 2,129.2	$ 1,038.5	$ 3,167.7	$ 3,001.2	$ 2,519.4	$ 1,759.7	$ 10,448.0
	% Change	104.1 %	113.2 %	106.9 %	127.9 %	341.4 %	249.0 %	154.7 %
	Annual % Change	4.3	4.6	4.4	5.0	9.1	7.6	5.7
FY1990 – FY1997 Appropriations								
	$ Change	$ 871.7	$ 341.3	$ 1,213.0	$ 1,566.4	$ 1,663.7	$ 605.7	$ 5,048.8
	% Change	26.4 %	21.1 %	24.7 %	41.4 %	104.4 %	32.6 %	41.5 %
	Annual % Change	3.4	2.8	3.2	5.1	10.8	4.1	5.1
FY1996 – FY1997 Appropriations								
	$ Change	$ 294.0	$ 117.1	$ 411.1	$ (162.0)	$ 241.7	$ 390.5	$ 881.3
	% Change	7.6 %	6.4 %	7.2 %	(2.9)%	8.0 %	18.8 %	5.4 %

Sources: Comptroller Reports and BHE Records

Table A–2

STATE GENERAL FUNDS EXPENDITURES FOR ILLINOIS HIGHER EDUCATION
FISCAL YEAR 1970 TO FISCAL YEAR 1997 (APPROPRIATIONS)

Fiscal Year		Higher Education Expenditures ($s in thousands)	Higher Education Expenditures In 1997 Dollars ($s in thousands)	FTE Enrollments	Expenditures For Higher Education Per FTE In Current Dollars	Expenditures For Higher Education Per FTE In 1997 Dollars
1970	Expenditures	$ 429,944.6	$ 1,942,293.6	328,067	$ 1,311	$ 5,920
1980	Expenditures	917,406.1	2,113,933.5	425,940	2,154	4,963
1990	Expenditures	1,614,585.1	2,048,057.5	475,955	3,392	4,303
1993	Expenditures	1,590,637.1	1,798,415.2	504,663	3,152	3,564
1995	Expenditures	1,744,895.0	1,850,918.5	491,044	3,553	3,769
1996	Expenditures	1,838,762.7	1,893,925.6	484,623	3,794	3,908
1997	Appropriations	1,955,944.4	1,955,944.4	487,782	4,010	4,010
FY1980 – FY1997 Appropriations						
Change		$ 1,038,538.3	$ (157,989.1)	61,842	$ 1,856.0	$ (953.0)
Percent Change		113.2 %	(7.5) %	14.5 %	86.2 %	(19.2)%
Annual Percent Change		4.6	(0.5)	0.8	3.7	(1.2)
FY1990 – FY1997 Appropriations						
Change		$ 341,359.3	$ (92,113.1)	11,827	$ 618.0	$ (293.0)
Percent Change		21.1 %	(4.5)%	2.5 %	18.2 %	(6.8)%
Annual Percent Change		2.8	(0.7)	0.4	2.4	(1.0)
FY1996 – FY1997 Appropriations						
Change		$ 117,181.7	$ 62,018.8	3,159	$ 216.0	$ 102.0
Percent Change		6.4 %	3.3 %	0.7 %	5.7 %	2.6 %

Source: Comptroller Reports and BHE Fall Enrollment Report

Table A–3

COMPARISON OF WEIGHTED AVERAGE TUITION AND FEES WITH ECONOMIC INDICATORS

Fiscal Year	Average Weighted Tuition and Fees (Resident Undergraduates)						Economic Indicators Percent Change			
	Public Universities		Community Colleges		Private Institutions		Higher Education Price Index	Consumer Price Index	Illinois Per Capita Disposable Income	General Funds Appropriations for Higher Education
	Tuition & Fees	Percent Change	Tuition & Fees	Percent Change	Tuition & Fees	Percent Change				
1980	$ 828	—	$ 469	—	$ 3,521	—	—	—	—	—
1990	2,330	181.4 %	925	97.2 %	8,362	137.5 %	81.7 %	63.6 %	92.9 %	76.6 %
1993	2,901	24.5	1,108	19.8	10,499	25.6	12.1	12.2	14.3	(2.1)
1995	3,303	13.9	1,259	13.6	11,467	9.2	6.5	5.5	7.7	9.8
1996	3,434	4.0	1,323	5.1	12,145	5.9	3.0	2.7	4.0 *	5.3
1997	3,627 *	5.6	1,369 *	3.5	12,963 *	6.7	3.0 *	2.8	4.0 *	6.1
Percent Change										
FY 1980 – 97		338.0 %		191.9 %		268.2 %	130.3 %	104.6 %	156.9 %	112.3 %
FY 1990 – 97		55.7 %		48.0 %		55.0 %	26.8 %	25.0 %	33.2 %	20.2 %
FY 1996 – 97		5.6 %		3.5 %		6.7 %	3.0 %	2.8 %	4.0 %	6.1 %

* Preliminary

Sources: Illinois Student Assistance Commission (ISAC) Data Books and staff estimates
Research Associates of Washington
Data Resources, Incorporated

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Table A-4

ANNUAL TUITION RATES AT ILLINOIS PUBLIC UNIVERSITIES
BY STUDENT LEVEL
FY1990 - FY1998

	FY1990	FY1996	FY1997	FY1998
Chicago State University				
Lower Division	$ 1,572	$ 1,968	$ 2,022	$ 2,082
Upper Division	1,596	1,968	2,022	2,082
Graduate	1,680	2,076	2,130	2,196
Out-of-State Lower Division	4,716	5,904	6,066	6,246
Out-of-State Upper Division	4,788	5,904	6,066	6,246
Out-of-State Graduate	5,040	6,228	6,390	6,588
Eastern Illinois University				
Lower Division	1,572	1,968	2,052	2,124
Upper Division	1,596	1,968	2,052	2,124
Graduate	1,680	2,076	2,166	2,238
Out-of-State Lower Division	4,716	5,904	6,156	6,372
Out-of-State Upper Division	4,788	5,904	6,156	6,372
Out-of-State Graduate	5,040	6,228	6,498	6,714
Governors State University				
Lower Division	1,572	1,968	2,028	2,088
Upper Division	1,596	1,968	2,028	2,088
Graduate	1,680	2,076	2,136	2,208
Out-of-State Lower Division	4,716	5,904	6,084	6,264
Out-of-State Upper Division	4,788	5,904	6,084	6,264
Out-of-State Graduate	5,040	6,228	6,408	6,624
Illinois State University				
Undergraduate	1,714	2,690	2,846	2,952
Graduate	1,738	2,177	2,300	2,386
Out-of-State Undergraduate	5,142	8,073	8,538	8,856
Out-of-State Graduate	5,214	6,531	6,901	7,158
Northeastern Illinois University				
Lower Division	1,572	1,968	2,040	2,112
Upper Division	1,596	1,968	2,040	2,112
Graduate	1,680	2,076	2,148	2,226
Out-of-State Lower Division	4,716	5,904	6,120	6,336
Out-of-State Upper Division	4,788	5,904	6,120	6,336
Out-of-State Graduate	5,040	6,228	6,444	6,678
Northern Illinois University				
Undergraduate	1,714	2,690	2,846	2,931 *
Graduate	1,738	2,177	2,302	2,346 *
Law	2,634	4,272	4,632	4,632 *
Out-of-State Undergraduate	5,142	8,073	8,538	8,793 *
Out-of-State Graduate	5,214	6,531	6,901	7,038 *
Out-of-State Law	4,330	8,544	9,264	9,264 *
Western Illinois University				
Lower Division	1,572	1,968	2,040	2,119
Upper Division	1,596	1,968	2,040	2,119
Graduate	1,680	2,076	2,148	2,232
Out-of-State Lower Division	4,716	5,904	6,120	6,357
Out-of-State Upper Division	4,788	5,904	6,120	6,357
Out-of-State Graduate	5,040	6,228	6,444	6,696

* Rates not approved by Board of Trustees.

Source: IBHE Records

Table A-4

ANNUAL TUITION RATES AT ILLINOIS PUBLIC UNIVERSITIES
BY STUDENT LEVEL
FY1990 - FY1998

	FY1990	FY1996	FY1997	FY1998
Southern Illinois University				
Carbondale				
Undergraduate	$ 1,560	$ 2,400	$ 2,550	$ 2,700
Graduate	1,560	1,920	2,040	2,160
Law	1,842	3,696	4,004	4,312
Medicine	7,136	10,035	10,920	11,272
Out-of-State Undergraduate	4,680	7,200	7,650	8,100
Out-of-State Graduate	4,680	5,760	6,120	6,480
Out-of-State Law	5,526	11,088	12,012	12,936
Out-of-State Medicine	21,408	30,105	32,760	33,816
Edwardsville				
Undergraduate	1,461	1,842	1,928	2,020
Graduate	1,566	1,974	2,066	2,164
Dental	3,000	5,200	5,682	6,500
Out-of-State Undergraduate	4,383	5,526	5,785	6,060
Out-of-State Graduate	4,698	5,922	6,199	6,492
Out-of-State Dental	9,000	15,600	17,046	19,500
University of Illinois				
Chicago				
Lower Division	1,935	2,756	2,870	2,956
Upper Division	2,181	2,756	2,870	2,956
Graduate	2,607	3,300	3,430	3,534
Dental	3,717	5,930	6,780	7,865
Medicine	5,352	9,520	11,250	11,588
Out-of-State Freshmen	5,475	7,888	8,610	8,868
Out-of-State Sophomores	5,475	7,888	8,215	8,868
Out-of-State Upper Division	6,213	7,888	8,215	8,460
Out-of-State Graduate	7,287	9,316	9,683	9,976
Out-of-State Dental	10,617	17,054	19,500	22,624
Out-of-State Medicine	15,522	27,740	32,780	33,768
Engineering Surcharge (all levels)		400	400	400
Business Administration Surcharge (graduate)		4,100	5,500	5,500
Undergraduate In-State Weighted Average	2,075	2,803	2,918	3,005
Graduate In-State Weighted Average	2,607	3,609	3,650	3,864
Springfield				
Undergraduate	1,560	2,457	2,550	2,633
Graduate	1,590	1,990	2,112	2,238
Out-of-State Undergraduate	4,680	7,371	7,650	7,899
Out-of-State Graduate	4,770	5,970	6,336	6,714
Urbana-Champaign				
Lower Division	2,130	3,000	3,150	3,308
Upper Division	2,376	3,000	3,150	3,308
Graduate	2,700	3,420	3,590	3,770
Law	3,284	5,000	5,750	6,538
Veterinary Medicine	4,324	6,370	7,360	7,730
Out-of-State Freshmen	5,670	8,172	9,450	9,925
Out-of-State Sophomores	5,670	8,172	8,580	9,925
Out-of-State Upper Division	6,408	8,172	8,580	9,011
Out-of-State Graduate	7,380	9,472	9,945	10,443
Out-of-State Law	9,132	14,136	15,343	18,483
Out of State Vet. Medicine	12,252	18,284	19,856	22,185
Engineering Surcharge (all levels)		500	500	500
Chemistry-Life Sciences Surcharge (all levels)		500	500	500
Fine Arts Surcharge (lower undergrad)		200	200	200
Fine Arts Surcharge (upper undergrad and graduate)		400	400	400
Business Administration (graduate)	1,000	4,100	5,500	5,776
Undergraduate In-State Weighted Average	2,267	3,193	3,339	3,493
Graduate In-State Weighted Average	2,739	3,853	4,146	4,340

Source: IBHE Records

Table A–5

COST STUDY CREDIT HOURS
ILLINOIS PUBLIC UNIVERSITIES AND COMMUNITY COLLEGES

System/Institution	FY1992	FY1993	FY1994	FY1995	FY1996	Percent Change FY1992 – FY1996	Percent Change FY1995 – FY1996
Chicago State University	155,591	167,930	182,398	184,316	175,331	12.7 %	(4.9)%
Eastern Illinois University	316,263	314,880	322,255	319,604	316,169	(0.0)	(1.1)
Governors State University	89,076	86,011	94,275	96,744	100,130	12.4	3.5
Illinois State University	575,835	550,164	522,131	492,412	491,933	(14.6)	(0.1)
Northeastern Illinois University	221,555	217,592	208,953	202,422	200,674	(9.4)	(0.9)
Northern Illinois University	598,395	576,632	551,130	536,358	521,237	(12.9)	(2.8)
Western Illinois University	344,987	331,842	323,613	306,872	299,404	(13.2)	(2.4)
Southern Illinois University	858,044	843,868	788,922	768,533	761,996	(11.2)	(0.9)
Carbondale	580,476	570,127	539,263	519,595	510,066	(12.1)	(1.8)
Edwardsville	277,568	273,741	249,659	248,938	251,930	(9.2)	1.2
University of Illinois	1,754,581	1,764,208	1,773,932	1,754,995	1,758,934	0.2	0.2
Chicago	573,966	592,120	589,948	579,269	574,293	0.1	(0.9)
Springfield	84,177	82,853	81,911	79,902	80,598	(4.3)	0.9
Urbana – Champaign	1,096,438	1,089,235	1,102,073	1,095,824	1,104,043	0.7	0.8
Total	4,914,327	4,853,127	4,767,609	4,662,256	4,625,808	(5.9)%	(0.8)%
Illinois Community Colleges *	6,530,527	6,564,289	6,257,517	6,149,884	6,056,426	(7.3)%	(1.5)%

* Excludes general studies credit hours.

Source: Public Universities' Discipline Cost Study and Community Colleges' Unit Cost Study